

PROCEEDINGS AGAINST PHIL KASTEL FOR CONTEMPT OF THE SENATE

FEBRUARY 21 (legislative day, JANUARY 29), 1951.—Ordered to be printed

Mr. KEFAUVER, from the Special Committee To Investigate Organized Crime in Interstate Commerce, submitted the following

R E P O R T

[To accompany S. Res. 82]

The Special Committee To Investigate Organized Crime in Interstate Commerce, as created and authorized by the United States Senate by Senate Resolution 202, Eighty-first Congress, second session, caused to be issued a subpoena to Phil Kastel of Metairie Ridge, Jefferson Parish, La. The said subpoena directed Phil Kastel to be and appear before the said committee on January 25 and 26, 1951, at 9:30 a. m., in room 245, Main Post Office Building, New Orleans, La., then and there to testify touching matters of inquiry committed to said committee and not to depart without leave of said committee. The date of the subpoena was the 13th day of January 1951. Attendance pursuant to said subpoena was had on January 25 and 26, 1951, at which time the witness appeared. The subpoena served upon said Phil Kastel is set forth as follows:

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

To PHIL KASTEL, 311 North Line, Metairie Gardens, Metairie Ridge, Jefferson Parish, La., Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Committee To Investigate Organized Crime in Interstate Commerce of the Senate of the United States, on January 25, 1951, at 9:30 o'clock a. m., at their committee room 245, Main Post Office Building, New Orleans, La., then and there to testify what you may know relative to the subject matters under consideration by said committee. And bring with you the documents required as per the attached sheet. (The following appears on the attached sheet:) And bring with you all books, records, and supporting documents relating to your income and disbursements from January 1, 1946, to date; all records relating to assets and/or interest in property, either real, personal, or mixed; or interest in legal entities during the aforesaid period; and copies of Federal income tax returns during the aforesaid period.

All books, records and supporting documents relating to assets, income, and disbursements from January 1, 1946, to date of the Beverly Club or the Beverly Country Club, Inc., Jefferson Parish, including copies of Federal income-tax returns during the aforesaid period and records relating to extent of participations

and identity of stockholders and/or persons in interest directly or indirectly during the aforesaid period.

All books, records, and supporting documents relating to assets, income, and disbursements from January 1, 1944, to date, of the Crescent Music Co., including copies of Federal income tax returns during the aforesaid period and records relating to extent of participations and identity of persons in interest directly or indirectly during the aforesaid period.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To United States marshal or Ralph W. Mills to serve and return.

Given under my hand, by order of the committee, this 13th day of January, in the year of our Lord 1951.

ESTES KEFAUVER,

Chairman, Senate Committee To Investigate Organized Crime in Interstate Commerce.

The said subpoena was duly served as appears by the return made thereon by Ralph W. Mills, who was duly authorized to serve the said subpoena. The return of the service by the said Ralph W. Mills being endorsed thereon is set forth as follows:

JANUARY 17, 1951.

I made service of the within subpoena by personal service upon the within-named Phil Kastel, at the Beverly Club, Jefferson Parish, La., at 3:10 o'clock p. m., on the 17th day of January 1951.

RALPH W. MILLS.

The said Phil Kastel pursuant to said subpoena and in compliance therewith appeared before the said committee to give such testimony as required by virtue of Senate Resolution 202, Eighty-first Congress, second session. Phil Kastel having appeared as a witness and having been asked questions, which questions were pertinent to the subject matter under inquiry, made answers as appeared in the record of the hearings on January 25 and 26, at New Orleans, La., which record is annexed hereto and made a part hereof and designated "Annex I."

As a result of said Phil Kastel's refusal to answer the questions pursuant to the said inquiry, as appears in the record annexed, consisting of pertinent excerpts from the testimony of that day, the committee was prevented from receiving testimony and evidence concerning the matter committed to said committee in accordance with the terms of the subpoena served upon this witness.

The committee was therefore deprived of answer to questions pursuant to the committee's inquiry propounded to Phil Kastel pertinent to the subject matter which under Senate Resolution 202, Eighty-first Congress, second session, the said committee was instructed to investigate, and the refusal of the witness to answer questions as set forth in annex I, is a violation of the subpoena under which the witness was directed to appear and answer pertinent questions to the subject under inquiry, and his persistent and illegal refusal to answer the aforesaid questions deprived the committee of necessary and pertinent testimony and places this witness in contempt of the United States Senate.

The subcommittee hearing at which said witness refused to answer said questions was duly authorized by a resolution of the said committee, as set forth below:

SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE
COMMERCE

MINUTES OF A COMMITTEE MEETING, DECEMBER 22, 1950

At an executive session of the committee held on December 22, 1950, the following resolution was adopted:

DECEMBER 22, 1950.

SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE

Resolved, That the chairman of this committee be and hereby is authorized at his discretion to appoint one or more subcommittees of one or more Senators, of whom one member shall be a quorum for the purpose of taking testimony and all other committee acts, to hold hearings at such time and places as the chairman might designate, in furtherance of the committee's investigations of organized crime, in the vicinities of the cities of Tampa, Fla., and New Orleans, La.

ESTES KEFAUVER, *Chairman*.

HERBERT R. O'CONOR,

LESTER C. HUNT.

In accordance with the resolution of December 22, 1950, the chairman designated himself as a subcommittee of one to swear witnesses and to hear testimony at New Orleans, La., on January 25 through 26, 1951.

After reviewing the testimony and other facts as set forth herein, the committee adopted a resolution, as set forth below:

SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE
COMMERCE

MINUTES OF A COMMITTEE MEETING, JANUARY 29, 1951

The committee met at 2:30 p. m., in District of Columbia committee room. There were present the chairman and Senators Hunt, O'Connor, Tobey, and Wiley.

The chairman presented to the committee the minutes of the committee meetings of January 25 and 26, 1951, together with a resolution made on December 22, 1950. The chairman stated to the committee that the chairman had designated a subcommittee to hear continued testimony in connection with organized crime in the city of New Orleans, La., pursuant to the resolution of December 22, 1950, the subcommittee consisting of the chairman.

The chairman then presented to the committee the minutes of said subcommittee meetings of January 25 and 26, 1951, held in room 245, Main Post Office Building, New Orleans, La.

The chairman stated to the committee that the witness, Phil Kastel, repeatedly, consistently, and arbitrarily had refused to answer questions put to him throughout counsel's and chairman's examination of said witness on January 25 and 26, 1951, and that his refusal, therefore, was improper and contemptuous.

The chairman presented to the committee a draft report on the entire matter for the committee's consideration and the committee duly adopted the said report and instructed the chairman to present said report to the United States Senate.

Therefore, upon motion of Senator O'Connor, duly seconded by Senator Tobey, it was duly resolved that the committee present to the United States Senate, for its immediate action, a resolution requiring the United States attorney for the eastern district of Louisiana to proceed against the said Phil Kastel in the manner and form provided by law.

ANNEX I

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE
COMMERCE

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New Orleans, La., Thursday, January 25, 1951.

REPORTER'S TRANSCRIPT

The committee met Thursday, January 25, 1951, in room 245. Main Post Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Downey Rice, Esq., associate counsel; Alfred M. Klein, associate counsel; George Martin, investigator; and Ralph W. Mills, investigator.

TESTIMONY OF PHILLIP FRANK KASTEL, 311 NORTH LINE. METAIRIE, NEW ORLEANS, LA.

The CHAIRMAN. Mr. Kastel, will you solemnly swear the testimony you give this committee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. KASTEL. I do.

The CHAIRMAN. What is your name, Counsel?

Mr. O'CONNOR. My name is James O'Connor, Jr. I am counsel for Mr. Kastel.

The CHAIRMAN. We are glad to have you with us, Mr. O'Connor.

Mr. O'CONNOR. Thank you, sir.

The CHAIRMAN. Will you sit down?

Mr. O'CONNOR. I believe I spoke to you, Senator, about the return on the subpoena before I left today, and I spoke to Mr. Rice.

Mr. RICE. If anything comes up with respect to those, we will take it.

The CHAIRMAN. Mr. O'Connor, suppose you come around here just a second.

(Short conference at the bench off the record.)

Mr. O'CONNOR. Senator, may I at this time make a statement?

The CHAIRMAN. Yes, indeed, Mr. O'Connor.

Mr. O'CONNOR. I don't desire to delay this hearing, but the other day the district attorney for the Parish of Orleans requested permission to take testimony of the various witnesses that appeared before this committee. I understand that he wrote this committee—Mr. Rice, or some member of this committee. The papers carried that.

Mr. RICE. What is this again?

Mr. O'CONNOR. That the district attorney of the parish of Orleans requested of the officers of this committee, Mr. Rice, permission for his office to take the testimony of the various witnesses that appeared before this committee.

The CHAIRMAN. Are you talking about the State's attorney?

Mr. O'CONNOR. Yes, sir.

Mr. RICE. That is the first time I have heard of that.

Mr. O'CONNOR. That appeared in the papers.

Mr. CHAIRMAN. Mr. Rice says he has heard nothing about it. I have heard nothing about it.

Of course, this is an open hearing. As you very well know, our purpose is not a grand jury purpose or prosecution, and the Federal statute specifically provides that the questions and answers and the testimony given here cannot be used against the witness.

Mr. O'CONNOR. I am well aware of that, Senator, but if that letter was written I would like that letter to be made a part of the testimony of Mr. Kastel, and the answer of this committee. I understand this committee wrote him a letter—Mr. Klein, your publicity man, wrote him a letter—stating that they would be glad to have him have his stenographer appear before this committee and take that testimony.

That appeared in the paper, and I would like the letter written by Mr. Darden or the oral request made by Mr. Darden made a part of Mr. Kastel's testimony, and the answer thereto, sir.

The CHAIRMAN. All right, the letter and the answer. As far as I know, nobody is taking the testimony except the official reporter of the committee.

Mr. O'CONNOR. One more thing, sir: I want to make the general objection that has been made to it throughout the entire day as to the lack of a quorum.

The CHAIRMAN. That will be noted.

Mr. O'CONNOR. After Mr. Kastel gives his name and address he would like to have a short statement made for the record, if you will give him that permission.

The CHAIRMAN. Very well. We will let the record show that objection has been made to the proceedings on the ground of lack of quorum.

At this place in the record we will again read into the record the resolution adopted by the committee authorizing this subcommittee to sit and to take testimony.

(The resolution referred to is as follows:)

"SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE

"Resolved, That the chairman of this committee be and hereby is authorized at his discretion to appoint one or more subcommittees of one or more Senators, of whom one member shall be a quorum for the purpose of taking testimony and all other committee acts, to hold hearings at such time and places as the chairman might designate, in furtherance of the committee's investigations of organized crime, in the vicinities of the cities of Tampa, Fla., and New Orleans, La.

"(Signed) ESTES KEFAUVER, *Chairman*.

"(Signed) HERBERT R. O'CONNOR.

"(Signed) LESTER C. HUNT."

The CHAIRMAN. Your name is Phillip Frank Kastel?

Mr. KASTEL. Yes, sir.

The CHAIRMAN. 311 North Line, New Orleans.

Mr. KASTEL. Metairie, New Orleans, suburb.

The CHAIRMAN. New Orleans?

Mr. KASTEL. That is a suburb in Jefferson Parish.

The CHAIRMAN. Mr. O'Connor, give us your address first, please.

Mr. O'CONNOR. My home?

The CHAIRMAN. No; your business address.

Mr. O'CONNOR. 200 Civil District Court.

The CHAIRMAN. Yes. You read any statement or make any statement you wish to make, Mr. Kastel.

Mr. KASTEL. Thank you.

Mr. Chairman, and members of the Special Senate Committee To Investigate Organized Crime in Interstate Commerce, I am appearing here today in response to a subpoena of this honorable body, served upon me on the 13th day of January 1951, directed to me and commanding me to appear and testify upon such matters and subjects as set forth in said subpoena.

With due deference to this committee and the honorable gentlemen composing it, before answering any questions which may be propounded to me herein, I am taking the liberty of making the following statement, to wit:—

The CHAIRMAN. We will let the subpoena be made a part of the record also. We have the original here which has been served.

Mr. KASTEL. All right. Served upon me the 13th day of January 1951; directed to me and commanding me to appear and testify upon such matters and subjects as set forth in said subpoena.

With due deference to this committee and the honorable gentlemen composing it, before answering any questions which may be propounded to me herein, I am taking the liberty of making the following statement, to wit:

Inasmuch as the conduct and line of questioning, by counsel for the committee, in previous hearings of this body, have sought repeatedly to connect my name with other witnesses, or future witnesses, and partake of the nature of a grand-jury investigation, seeking to implicate appearers in violations of any and all laws of the United States and those of the several States of the United States;

And inasmuch as the attorneys general of the several States have been invited to attend and partake in these hearings;

And, furthermore, as testimony and evidence adduced at previous hearings of this committee have been used and made the basis for indictments, bills of information, and prosecutions in various of the several States of the United States, I shall reserve all of my rights under the Constitution of the United States and under the Constitution of the State of Louisiana, and while answering all questions which I consider proper and pertinent herein, I shall refuse to answer any questions which I believe would tend to incriminate me under any law of the United States or of any of the several States.

"I do not make this statement in any spirit of antagonism nor do I desire to hamper or hinder the work of this committee. However, I respectfully state that I intend to reserve and preserve every right guaranteed to me under the Constitution of the United States and the constitution of the State of Louisiana.

Mr. O'CONNOR. May I offer this and file this in evidence?

The CHAIRMAN. It will be filed as exhibit 1 and made a part of the record.

(The paper referred to was identified as "Exhibit 1," and is on file with the committee.)

Mr. O'CONNOR. Thank you.

The CHAIRMAN. May I ask you who prepared that statement?

Mr. KASTEL. I helped to prepare it. I consulted with Mr. O'Connor and we prepared it together.

The CHAIRMAN. All right, as long as you have what we think is a legitimate objection to any testimony: We are not here to try to smear you or do you any wrong. We are here to try to get any information we think we need.

Mr. KASTEL. Thank you.

The CHAIRMAN. Will you proceed, Mr. Rice?

Mr. RICE. What was your name at the time you were born?

Mr. KASTEL. Phillip Kastel.

Mr. RICE. How do you spell that?

Mr. KASTEL. K-a-s-t-e-l.

Mr. RICE. Any other names?

Mr. KASTEL. No, sir.

Mr. RICE. Have you ever used any other names?

Mr. KASTEL. I might have.

Mr. RICE. What were some of the other names you might have used? [Pause.]

Did he answer?

Mr. KASTEL. No; I did not answer. I am just trying to think.

The CHAIRMAN. Well, you have used an alias, and you think about it. We will ask you about it later on.

Mr. KASTEL. Yes. All right.

Mr. RICE. You have used other names?

Mr. KASTEL. I would not say so.

Mr. RICE. Would you say you have not used other names?

Mr. O'CONNOR. He said he would not say so. The Senator said suppose you come back to that question later.

The CHAIRMAN. All right, we will come back to that later.

Mr. RICE. All right, sir. Where were you born?

Mr. KASTEL. New York.

Mr. RICE. In what year?

Mr. KASTEL. 1898.

Mr. RICE. In New York City?

Mr. KASTEL. Yes, sir.

Mr. RICE. Did you live in Connecticut?

Mr. KASTEL. Yes, sir.

Mr. RICE. And what was your business in Connecticut?

Mr. KASTEL. I was in the liquor business.

Mr. RICE. What year was that, or what years?

Mr. KASTEL. I would say in 1933, around there.

Mr. RICE. 1933.

The CHAIRMAN. May I ask counsel, and also Mr. Kastel—excuse me, Mr. Rice.

Mr. Kastel, you know generally the matters we want to ask you about. Do you want to tell your own story and then we will ask you questions about it?

Mr. KASTEL. I just don't know what you want me to say, Senator.

The CHAIRMAN. Well, we want to know about what you did in Connecticut, and whether you were in the coin-machine business there, who you were associated with.

Mr. KASTEL. I was not in the coin-machine business.

The CHAIRMAN. Well, whether you were or not, how you got to New Orleans, what you have been doing here, and who you do business with, and what your business enterprises here are. Do you want to tell us narratively the story rather than ask specific questions?

Mr. O'CONNOR. May I answer that as his counsel?

The CHAIRMAN. Yes.

Mr. O'CONNOR. We would rather you ask the questions.

The CHAIRMAN. Very well. We will proceed as we were.

Mr. RICE. All right, sir. During prohibition what were you doing?

Mr. KASTEL. I respectfully refuse to answer on the ground that the question may tend to incriminate me.

Mr. RICE. Were you connected with a man by the name of Rothstein during prohibition?

Mr. KASTEL. No, sir.

Mr. RICE. Do you know a man by the name of Rothstein?

Mr. KASTEL. I knew a man.

Mr. RICE. Were you associated with him in any enterprise?

Mr. KASTEL. No, sir.

Mr. RICE. What became of him? What became of Rothstein?

Mr. KASTEL. I think the man is dead.

Mr. RICE. Do you know how he died?

Mr. KASTEL. That is public property. He was shot.

Mr. RICE. Was that not Arnold Rothstein?

(No response.)

Mr. RICE. Now, sir, you have said, during prohibition you refused to answer what you were doing.

The CHAIRMAN. He said he was in the liquor business.

Mr. RICE. Now, then, when you got into the liquor business in Connecticut in the 1930's, was that the first time you were in the liquor business?

Mr. KASTEL. I didn't say I was in the liquor business in Connecticut. I lived in Connecticut.

Mr. RICE. What business were you in when you lived in Connecticut?

Mr. KASTEL. I am going to decline to answer that question on the ground that it may tend to incriminate me.

Mr. RICE. Were you—

The CHAIRMAN. Just a minute. I will have to direct you to answer the question, Mr. Kastel.

Mr. O'CONNOR. Well, we would like you to specify in which years in Connecticut.

The CHAIRMAN. Well, I suppose this was prior to 1935. Were you in the liquor business when you lived in Connecticut prior to 1935?

Mr. KASTEL. I was in the liquor business right after repeal. That must have been in 1933, I believe.

Mr. RICE. What was the name of your business?

Mr. KASTEL. The Alliance Distributors.

Mr. RICE. This was prior to 1935?

Mr. KASTEL. I believe so; yes.

Mr. RICE. With whom were you associated in the Alliance Distributors?

Mr. KASTEL. The William Whitely Co., Glasgow.

Mr. RICE. In Glasgow, Scotland?

Mr. KASTEL. Yes.

Mr. O'Connor. May I suggest, Senator, that that is not pertinent to the issues involved in the Senate resolution.

The CHAIRMAN. Well, it might be, counsel, by way of background.

Mr. O'CONNOR. We would like to know if it is, and your ruling on it; not if it "might be." I say that with all due respect to you, Senator. We would like to know if it is, your ruling on it; and if it is, then we are called upon to answer. We don't think that it should "might be"; we think it should be. When I say these things, Senator, I say it with all due respect to the dignity of your office. It is just an attorney trying to defend his client's rights.

The CHAIRMAN. Yes, sir; I do understand.

Mr. O'CONNOR. Thank you.

The CHAIRMAN. Well, then, I will rule that the question is in line with the investigation we are making.

Mr. O'CONNOR. Thank you, sir.

Mr. RICE. Now, sir; who were some of the individuals connected with Alliance Distributors in this country with you?

Mr. KASTEL. I was not an officer of the Alliance Distributors.

Mr. RICE. What was your job?

Mr. KASTEL. My job—I was a good-will agent for the distillery in Scotland.

Mr. RICE. I see. In connection with that good will what was your particular duties?

Mr. KASTEL. Travel throughout the country, and tried to popularize the brands.

Mr. RICE. Was Frank Costello also a good-will agent?

Mr. KASTEL. No, sir.

- Mr. RICE. Was he connected with the company?
- Mr. KASTEL. No, sir.
- Mr. RICE. Are you quite certain of that?
- Mr. KASTEL. Positive.
- Mr. RICE. Now, sir, did you have financial interest in that company?
- Mr. KASTEL. In the European company; yes.
- Mr. RICE. And what was the extent of your financial interest in the European company?
- Mr. KASTEL. It was substantial.
- Mr. RICE. To what extent?
- Mr. KASTEL. I could not tell you offhand. It is some years ago.
- Mr. O'CONNOR. I don't like to object every minute. We have answered that we have an interest in it. Now how much we had in it, I don't think has anything to do with it.
- The CHAIRMAN. I rather agree with you. A substantial interest in the William Whitley Co. of Glasgow, Scotland. A substantial interest; is that correct?
- Mr. O'CONNOR. Yes, sir.
- Mr. RICE. Did you not endorse a note along with Frank Costello in the amount of \$325,000 in connection with this company, payable to William Helis, New Orleans?
- Mr. KASTEL. I endorsed a note; yes.
- Mr. RICE. Along with Frank Costello?
- Mr. KASTEL. I endorsed it myself.
- Mr. RICE. Didn't Frank Costello also endorse the note?
- Mr. KASTEL. At another time, I believe.
- Mr. RICE. The same note?
- Mr. KASTEL. I believe so.
- Mr. RICE. All right, sir. Now, then, what was Costello's interest in endorsing that note?
- Mr. KASTEL. Just a friendly interest.
- Mr. RICE. Was there any security for the note?
- Mr. KASTEL. Yes; there was collateral.
- Mr. RICE. What was the collateral?
- Mr. KASTEL. Liquor, whisky.
- Mr. RICE. So that, in effect, you and Costello shared in the collateral?
- Mr. KASTEL. No. Costello had nothing to do with the collateral.
- Mr. RICE. What collateral did Costello have in connection with his?
- Mr. KASTEL. You will have to ask Mr. Costello.
- Mr. RICE. Don't you know?
- Mr. KASTEL. I do not.
- Mr. RICE. What was your collateral?
- Mr. KASTEL. My endorsement?
- Mr. RICE. Your collateral, your security in the event the note became in default?
- Mr. KASTEL. Well, at a later date the president of the company put some liquor up, or whisky, for collateral.
- Mr. RICE. As security?
- Mr. KASTEL. As security.
- Mr. RICE. Who was the president of that company?
- Mr. KASTEL. A man by the name of Irving Haim.
- Mr. RICE. Now, the note was actually executed by Irving Haim, was it not, and the company and you and Costello endorsed it?
- Mr. KASTEL. It's so long ago, I would not remember.
- Mr. RICE. How long had you known Costello? When did you first meet him?
- Mr. KASTEL. Oh, possibly twenty-some-odd years ago.
- Mr. RICE. Twenty-some-odd years ago. Would you say it was in the 1920's?
- Mr. KASTEL. I would say the latter part of the 1920's; yes, sir.
- Mr. RICE. What were the circumstances of your meeting Costello?
- Mr. KASTEL. I could not remember.
- Mr. RICE. You don't remember where you met him?
- Mr. KASTEL. No.
- Mr. RICE. During the 1920's did you engage in any enterprise with Costello?
- Mr. O'CONNOR. Suppose you specify, Counsel.
- Mr. RICE. Any business enterprise, any legitimate enterprise?
- Mr. KASTEL. No. My answer is "No."
- Mr. RICE. Any illegitimate enterprises? [Pause.]
- The CHAIRMAN. What is your answer, Mr. Kastel?

Mr. KASTEL. It is so long ago I don't remember, Mr. Senator. I don't believe I engaged in any enterprises in the 1920's with Mr. Costello.

Mr. RICE. Were you in the bootleg business with him?

Mr. KASTEL. I refuse to answer on the ground that it may tend to incriminate me.

Mr. RICE. Now, sir, are you under an indictment?

Mr. KASTEL. I am not.

Mr. RICE. The offense that you have in mind—

The CHAIRMAN. Well, the bootleg business back in the 1920's certainly would not—I guess the statute of limitations would have run on that.

Mr. O'CONNOR. Well, as a matter of fact—

Mr. RICE. Did you engage in the bootlegging business with Frank Costello during the 1920's?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

The CHAIRMAN. You will be ordered to answer that question.

Mr. O'CONNOR. Respectfully decline.

The CHAIRMAN. Just say you refuse or—

Mr. KASTEL. I respectfully decline.

The CHAIRMAN. O. K.

Mr. RICE. Do you refuse on the grounds that the offense is a State or Federal offense?

Mr. O'CONNOR. I don't think we have to answer that statement, inasmuch as you have ordered us to answer the question. We decline to answer on the grounds we don't have to elucidate that point and continue on after that point. You ordered us and we refuse. That ends it.

The CHAIRMAN. I think we understand. If it is a State offense he has no right to refuse to answer. If it is a Federal offense, under proper conditions he may refuse to answer it.

Mr. RICE. Did you own the property in High Ridge, Conn.?

Mr. KASTEL. Yes.

Mr. RICE. Was that a residence?

Mr. KASTEL. Yes.

Mr. RICE. And what was that valued at? At what value would you place that?

Mr. KASTEL. I couldn't say.

Mr. RICE. Would you say it was \$150,000?

Mr. KASTEL. I could not put the value on it at this time.

Mr. RICE. Could it have been over \$100,000?

Mr. KASTEL. I couldn't say.

The CHAIRMAN. All right.

Mr. RICE. What is the closest you could come?

Mr. KASTEL. I would not want to guess.

Mr. RICE. Could you come within \$100,000?

The CHAIRMAN. Let's just say it was a very valuable piece of property.

Mr. O'CONNOR. May we also ask the purpose of that question?

The CHAIRMAN. Well, it is to show, I think—it has a good purpose, to show what capital he had to start with.

Mr. O'CONNOR. That is why we declined to answer the question relating to the earlier days.

The CHAIRMAN. All right.

Mr. RICE. All right, sir. When did you first come to Louisiana?

Mr. KASTEL. About 1935.

Mr. RICE. About 1935?

Mr. KASTEL. Yes, sir.

Mr. RICE. All right, sir. Have you been here ever since?

Mr. KASTEL. Yes, sir.

Mr. RICE. Now, then, when you came to Louisiana did you go into business in the Bayou Novelty Co.?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

The CHAIRMAN. You will be directed to answer that question, Mr. Kastel.

Mr. KASTEL. I respectfully decline to answer it.

The CHAIRMAN. Then tell us what you came to Louisiana for, what business you went into, and who got you to come.

Mr. O'CONNOR. We would rather that the counsel for the committee propound that question to us, Senator.

- The CHAIRMAN. All right.
- Mr. RICE. Were you connected with the Bayou Novelty Co. at any time?
- Mr. KASTEL. What is the question?
- Mr. O'CONNOR. He says, were you connected with the Bayou Novelty Co.?
- The CHAIRMAN. All right, what is the answer?
- (No response heard.)
- The CHAIRMAN. We have got to get along, gentlemen. Let's either get the questions and get the answers or your refusal to answer. The question is, Were you connected with the Bayou Novelty Co. in Louisiana?
- Mr. KASTEL. My answer is "Yes."
- The CHAIRMAN. All right.
- Mr. RICE. All right, sir. What was your connection?
- Mr. KASTEL. I just don't quite understand the question. What do you mean about my connection?
- Mr. RICE. Did you have an interest in the Bayou Novelty Co.?
- Mr. O'CONNOR. You asked him that and we said yes, we were connected with it.
- Mr. RICE. Did you have an interest in it, a financial interest?
- Mr. KASTEL. I did.
- Mr. RICE. Did you own stock?
- Mr. KASTEL. It was not a stock company.
- Mr. RICE. What type of company was it?
- Mr. KASTEL. It was a partnership.
- Mr. RICE. Who were the other partners? Were you a partner?
- Mr. KASTEL. Yes, I was a partner.
- Mr. RICE. Who were the other partners? [Pause.] Were they not G. R. Brainard, Dudley Geigerman, and Harold Geigerman?
- Mr. KASTEL. That is correct.
- Mr. RICE. All right, sir. What has become of Brainard?
- Mr. KASTEL. He is dead.
- Mr. RICE. Now, then, did anyone share Brainard's interest? Did Jimmy Moran, alias Brocato, share Brainard's interest?
- Mr. KASTEL. I could not say offhand. I would have to see the records.
- Mr. RICE. Is it possible that Moran had a half interest in Brainard's interest?
- Mr. KASTEL. Mr. Moran is here. I'd rather you ask him the question.
- Mr. RICE. You say that you were a partner, sir.
- Mr. KASTEL. Right.
- Mr. RICE. The question is directed to you: Did Moran have an interest in Brainard's interest?
- Mr. KASTEL. I don't know.
- Mr. RICE. Now, sir, what was the distribution of the partnership? What percentage did each partner have?
- Mr. KASTEL. I would not answer that question offhand without the records.
- Mr. RICE. Do you have access to the records?
- Mr. KASTEL. I believe I have.
- Mr. RICE. Where are the records?
- Mr. KASTEL. We have them stored away, sir, somewhere.
- Mr. RICE. And they can be located?
- Mr. KASTEL. I believe so.
- Mr. RICE. Now, sir, who are the Geigermans? Are they related to Frank Costello?
- Mr. KASTEL. That is correct.
- Mr. RICE. In what way?
- Mr. KASTEL. By marriage.
- Mr. RICE. Is it not true that Loretta Costello is a Geigerman; her maiden name was Geigerman?
- Mr. KASTEL. That is correct.
- Mr. RICE. Costello's wife?
- Mr. KASTEL. That is right.
- Mr. RICE. Did Costello have any interest in the Bayou Novelty Co.?
- Mr. KASTEL. I could not answer that question.
- Mr. RICE. Is it not true that Costello had a 50-percent interest in your interest? He had half of your interest?
- Mr. KASTEL. I believe it was a joint venture.
- Mr. RICE. Between yourself and Costello?
- Mr. KASTEL. I believe so; yes, sir.
- Mr. RICE. So that you and Costello were 50-50 in your share?

Mr. KASTEL. That is right.

Mr. RICE. All right, sir. What was the business of the Bayou Novelty Co.?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. RICE. Was it not a slot machine distributing company?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

The CHAIRMAN. Operating slot machines in 1940, or now, is not a violation of the Federal law.

Mr. O'CONNOR. Perhaps not.

The CHAIRMAN. So I will have to direct that you answer the question.

Mr. O'CONNOR. No. It is a law in the parish of Orleans, may it please Your Honor, and it is not only that; it is part of the income-tax scheme that the defendants in this proceeding were brought before hearing in an income-tax case and there are other things that may grow out of them.

Now we have answered you honestly and sincerely to the extent that we may be—

The CHAIRMAN. Well, we are—

Mr. O'CONNOR. Please let me finish, Senator, if you don't mind. I know that you have a lot of business to attend to on your hands, but after all, I am here in the position of attorney, and I am going to try to defend my client. Thank you, sir.

Now you have asked us certain questions. We have answered that we belonged in there, that we were partners, other people are partners, and I think we have given you the information, and you have the books, and we are willing to give you the books, but when you ask us up to a question where we think that it may tend to incriminate, I say to you, sir, in all fairness, that we should not be forced to answer that question.

The CHAIRMAN. Well, the only thing is, I was trying to see how—

Mr. O'CONNOR. Because even in the Halls of Congress—

The CHAIRMAN. Of course, Mr. Counsel, the law is, I think that you will agree with me, that whatever privilege the witness has, and we want him to have all the privileges that the law entitles him to—

Mr. O'CONNOR. Under your law, sir, you only can give him partial immunity.

The CHAIRMAN. Well, it is not for—he has no privilege to refuse to answer something that might incriminate him under the State law.

Mr. O'CONNOR. We claim under that—

The CHAIRMAN. That has been definitely held by several—

Mr. O'CONNOR. We claim, sir, under the Federal laws and State laws. Under what immunity we claim it is, we don't have to elucidate that.

The CHAIRMAN. That is all right. We don't ask you to elucidate that—

Mr. O'CONNOR. Thank you, sir.

The CHAIRMAN (continuing). Except this has been a considerably long time ago. I don't know what Federal laws it might tend to incriminate your client under. Anyway, shall we have an agreement that we understand that if your client refuses to answer it it is on the ground that it might tend to incriminate him, without stating that, and unless I otherwise direct, Counsel, that it will be considered that I directed your client to answer in case he refused to answer?

Mr. O'CONNOR. That is correct, sir.

The CHAIRMAN. Is that all right with you, Mr. Kastel?

Mr. KASTEL. Yes, sir.

Mr. O'CONNOR. Except in points that might be going a little far afield, and I also reserve the right, may it please Your Honor, to object—

The CHAIRMAN. Yes, that is agreeable.

Mr. O'CONNOR. Is that understood?

The CHAIRMAN. That is understood.

Mr. O'CONNOR. Thank you, sir.

The CHAIRMAN. All right, let's get on as quickly as we can, now.

Mr. RICE. Did not the Bayou Novelty Co. purchase some 1,200 slot machines from the Mills or Jennings Co. in Chicago?

Mr. KASTEL. Would you mind repeating the question?

Mr. RICE. Did not the Bayou Novelty Co. buy some 1,200 slot machines from either the Mills or Jennings Co. in Chicago for shipment to Louisiana?

Mr. KASTEL. I refuse to answer that question, sir, on the grounds it may tend to incriminate me.

The CHAIRMAN. Well, did it buy slot machines and what did it do? That is what we want to know. I don't care about how many. Did it buy any slot machines?

Mr. O'CONNOR. He wants to know whether the Bayou Novelty Co. bought any slot machines.

Mr. KASTEL. I believe they did.

Mr. RICE. All right, sir. How many machines did they buy?

Mr. KASTEL. I could not say.

Mr. O'CONNOR. I think that the Senator, just before that——

The CHAIRMAN. All right, we won't ask that.

Mr. O'CONNOR. Said he was only interested in whether or not they bought them; not how many.

The CHAIRMAN. I will keep faith with you.

Mr. O'CONNOR. I am trying to cooperate with you.

The CHAIRMAN. I will keep faith with you. I said I was not interested in how many. Mr. Kastel said they bought some machines. We won't ask how many. From that point, go ahead.

Mr. RICE. Did you or do you have any interest, either directly or indirectly, in the Mills Co., manufacturers of slot machines, in Chicago?

Mr. KASTEL. My answer is "No."

Mr. RICE. Do you have any interest either directly or indirectly in the Jennings Co., manufacturers of slot machines?

Mr. KASTEL. The same answer.

Mr. O'CONNOR. "Same answer." By that you mean "No"?

Mr. KASTEL. I mean "No."

Mr. RICE. Now, sir, when these machines were delivered to New Orleans what was done with them?

Mr. KASTEL. I couldn't answer that.

Mr. O'CONNOR. You have a right to decline.

Mr. KASTEL. I decline to answer that question, sir, on the same grounds; on the grounds it may tend to incriminate me.

Mr. RICE. Now, sir, is it not true that on January 8, 1934, the National City Bank of New York received authorization from the Mills Novelty Co. to transfer \$75,000 from their account to the account of Phil Kastel in the Sterling Bank in connection with a slot-machine deal?

Mr. O'CONNOR. Have you got a copy—may I see that, if you have that there, sir? Have you anything there that supports that? May I see that if you have it to show my client to see if he can answer that?

Mr. RICE. Let's see if he can answer it without seeing it.

Mr. O'CONNOR. No, sir. We decline to answer that unless this committee shows us that. I think we are entitled to that, Senator.

The CHAIRMAN. Well, I may tell you, Mr. O'CONNOR, that what counsel is reading from is a memorandum of this committee and it seems to be no official document.

Mr. O'CONNOR. You mean it is a memorandum, with no official document from the Mills Co.?

The CHAIRMAN. It is a memorandum, apparently taken from the books of the Mills Co. and the National City Bank, giving the date of it, and what-not, of the loan and the transfer.

Mr. O'CONNOR. Has he a photostat of it, sir? I think we are entitled to see that, sir, for the purpose of looking it over and refreshing our memory. He is asking a question here about 1934.

Mr. CHAIRMAN. Mr. O'CONNOR, after all, counsel is asking the witness a question. The witness either knows whether this is true or he doesn't know, or if he does not know, why, let him make any explanation he wants to about it.

Mr. O'CONNOR. That is correct, Senator.

The CHAIRMAN. But I have never heard where it is necessary to get a certified copy of something before you could ask a question.

Mr. O'CONNOR. All right, sir. Go ahead and proceed but I object to the question. I would like the objection to be registered.

Mr. RICE. All right, sir. In 1934, did you, Philip Kastel, draw a check to the Mills Novelty Co. in the amount of \$50,000 on the National City Bank?

(No response.)

Mr. RICE. A certified check.

Mr. KASTEL. It is so long ago I cannot remember what happened in 1934.

Mr. RICE. Is it possible?

Mr. KASTEL. It is possible if you have a copy of the check.

The CHAIRMAN. Read the first part of the question to which he said he did not know.

Mr. RICE. Is it possible if we have a check, then, that on January 24, 1934——

Mr. KASTEL. If you have a photostatic copy of a check. How can I remember 15 years ago? I can't remember what I did 2 weeks ago.

Mr. RICE. Well, it is possible, then.

The CHAIRMAN. Mr. Kastel, after all, \$50,000 even 15 years ago was a lot of money, you know.

But now, what was the first part, about 1934? Let's ask about that.

Mr. RICE. In 1934, on January 8, were you connected in a negotiation whereby the National City Bank received authorization from the Mills Novelty Co. to transfer \$75,000 from their account to the account of Philip Kastel in the Sterling Bank?

Mr. O'CONNOR. For what purpose?

The CHAIRMAN. Well, I believe that is the question. The question has been asked.

Mr. RICE. That is what we would like to know, the purpose.

The CHAIRMAN. Is that true or not, or do you know?

Mr. O'CONNOR. We would like to know, Your Honor, what you are trying to—

The CHAIRMAN. Mr. O'Connor, the question is very clear. He knows whether there was a transaction of that sort or not. If he wants to tell about it let him tell about it.

Mr. KASTEL. I would have to consult with the Mills people to find out and refresh my memory. I can't tell you offhand.

Mr. RICE. Now, sir, you did have some transactions with the Mills Co., didn't you?

Mr. KASTEL. Not with the Mills Co., no. I have had some transactions with the Mills Co. This particular transaction you are referring to I can't say. I would have to refresh my memory.

Mr. RICE. How will you refresh your memory, sir?

Mr. KASTEL. I would have to call one of the Mills and ask them about it.

Mr. RICE. I see, whatever they say.

Mr. KASTEL. We will talk about it and see if they can refresh my memory. I am not trying to parry. I am serious about it; if I can answer the question truthfully, I will answer it. You don't want me to guess at it?

Mr. RICE. Now, sir, were the slot machines obtained from the Mills Co. distributed in New Orleans?

Mr. KASTEL. What was the question again, please?

Mr. RICE. The slot machines that were received from the Mills Co.: did you put them in locations in the city of New Orleans?

Mr. KASTEL. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. RICE. In 1935, did you place machines in the city of New Orleans?

Mr. KASTEL. I refuse to answer that question on the grounds that that question may tend to incriminate me.

Mr. RICE. All right, sir. Do you recall the Pelican Novelty Co.?

Mr. KASTEL. Yes, I do.

Mr. RICE. Did you have an interest in the Pelican Novelty Co.?

Mr. KASTEL. I did.

Mr. RICE. What was that interest?

Mr. KASTEL. I can't tell you offhand without looking at the record.

Mr. RICE. All right, sir. Was that a company or partnership?

Mr. KASTEL. I believe that was a partnership.

Mr. RICE. And who were the partners?

Mr. KASTEL. I will have to look at the records.

Mr. RICE. Were you a partner?

Mr. KASTEL. I believe I was.

Mr. RICE. Was Jimmy Moran a partner?

Mr. KASTEL. You'd have to ask Moran.

Mr. RICE. I am asking you.

Mr. KASTEL. I can't say.

Mr. RICE. Who were the other partners?

Mr. KASTEL. I can't say.

Mr. RICE. Was one of them Dudley Geigerman?

Mr. KASTEL. I can't say.

Mr. RICE. Didn't Dudley Geigerman manage the Pelican Novelty Co.?

Mr. KASTEL. He might have managed it, yes.

Mr. RICE. He is the man you referred to as the brother-in-law of Frank Costello?

Mr. KASTEL. That is correct.

Mr. RICE. What functions did you have with the Pelican Novelty Co.? What were your duties?

Mr. KASTEL. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. RICE. Weren't you the manager before Dudley Geigerman?

Mr. KASTEL. I refuse to answer that questioning on the grounds that it may tend to incriminate me.

Mr. RICE. Did the Pelican Novelty Co. handle slot machines?

Mr. KASTEL. I refuse to answer the question on the ground it may tend to incriminate me.

Mr. RICE. Didn't the Pelican Novelty Co. also handle pinball machines?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. During what years was the Pelican Novelty Co. in operation, approximately?

Mr. KASTEL. I couldn't say without the record.

Mr. RICE. All right, sir, was it in the thirties?

Mr. O'CONNOR. I'm trying to find out. Not exactly, approximately.

Mr. KASTEL. I don't know which company was first, whether it was the Pelican or the Bayou.

The CHAIRMAN. If I may interpose, the Bayou Novelty Co. was a corporation, and you had that in—

Mr. KASTEL. Bayou Novelty Co. was a corporation?

The CHAIRMAN. I think it was, or a partnership; one or the other.

Mr. RICE. A partnership.

The CHAIRMAN. A partnership. Then the Pelican Novelty Co. followed the Bayou.

Mr. KASTEL. The Pelican followed.

The CHAIRMAN. With substantially the same business and the same partners. Isn't that true?

Mr. O'CONNOR. The Pelican was after the Bayou.

The CHAIRMAN. The Pelican was after the Bayou.

Mr. RICE. What was the reason for the change?

The CHAIRMAN. Did Frank Costello also have half of your interest in the Pelican just like he did in the Bayou?

Mr. KASTEL. No, sir; I believe Mr. Costello had a direct interest in the Pelican, if my memory serves me right.

The CHAIRMAN. So you had your full interest and he had his.

Mr. KASTEL. By himself.

The CHAIRMAN. Directly by himself? Excuse me. I'm sorry.

Mr. RICE. Go ahead.

The CHAIRMAN. Mr. Rice was just asking what was the reason for the change of the name of the companies, if you know?

Mr. KASTEL. I believe one of the companies went out of business, and there was a time elapsed, and then the other company was a fresh, brand new company.

Mr. RICE. Now, when the Pelican Novelty Co. appeared, did they take over the same assets and equipment that the Bayou Novelty Co. had?

Mr. KASTEL. I couldn't answer that question.

Mr. RICE. Were they in the same type of business?

Mr. KASTEL. I refuse to answer on the ground the question may tend to incriminate me.

Mr. RICE. What was the business?

Mr. KASTEL. I refuse to answer the question. The question may tend to incriminate me.

Mr. RICE. Was it an illegal business?

Mr. KASTEL. I refuse to answer the question.

Mr. RICE. Was it an illegal—

Mr. KASTEL. I refuse to answer the question on the same grounds: on the grounds it may tend to incriminate me.

Mr. RICE. Did it do any business?

Mr. KASTEL. I refuse to answer the question on the grounds it may tend to incriminate me.

Mr. O'CONNOR. I think that last question was irrelevant and immaterial whether it had done any business.

The CHAIRMAN. It was an awfully easy question to answer.

Mr. O'CONNOR. No; but I think, even though it is easy, Senator, it is irrelevant and immaterial and just one of those injections in there—

The CHAIRMAN. All right.

Mr. RICE. Now, sir, we have in the Pelican Novelty Co., Kastel, Costello, Geigerman. Who else?

Mr. KASTEL. I couldn't say without the records.

Mr. RICE. Was Moran in there?

Mr. KASTEL. I couldn't say without the records.

Mr. RICE. How many men were there?

Mr. KASTEL. I could not answer without the records.

Mr. RICE. What is your best recollection?

Mr. KASTEL. I wouldn't want to take a guess.

Mr. RICE. I might refresh your recollection: Didn't Jimmy Moran have an interest?

Mr. KASTEL. If it's on the record, he has it.

The CHAIRMAN. Well, do you remember whether he had an interest or not?

Mr. KASTEL. I couldn't remember offhand, Senator. This is a technical investigation and I am not going to lay myself open for perjury with Mr. Rice or anybody else here.

The CHAIRMAN. All right.

Mr. RICE. All right, sir. Tell us about the Louisiana Mint Co: when did that start?

Mr. KASTEL. I can't remember.

Mr. O'CONNOR. Have you got the record when it started there? You might ask us that question, and if we know about the dates, we might know.

Mr. RICE. Mr. Counsel, please.

Mr. O'CONNOR. I know, sir, but you asked if—

Mr. RICE. He is the witness.

Mr. O'CONNOR. He is the witness, but he has told you he can't remember but he'd try to cooperate with you. If you will ask him—

The CHAIRMAN. All right.

Mr. O'CONNOR. Senator, may I finish?

The CHAIRMAN. No; that's all right. Suppose you—

Mr. O'CONNOR. You asked him if it was 1918 or 1920, and if he can answer you, he will answer you.

The CHAIRMAN. All right, sir. Now, maybe I can be the peacemaker here.

Mr. O'CONNOR. No, sir; it is not a peacemaker, it's a question of standing on your rights.

The CHAIRMAN. All right. Of course the witness knows, and he's been asked about the Louisiana Mint Co., but in case his memory is vague, apparently the Louisiana Mint Co. followed the Pelican Novelty Co., operated from December 1942 to up in 1948, and each of them seem to be at 2601 Chartres Street in New Orleans, La.

Now, Mr. Rice, go ahead.

Mr. O'CONNOR. Thank you, sir. That, Senator, is just what we wanted.

Mr. RICE. Was the Louisiana Mint Co. a partnership?

Mr. KASTEL. I believe it was.

Mr. RICE. Were you a partner?

Mr. KASTEL. Yes, sir.

Mr. RICE. Who were the other partners?

Mr. KASTEL. I couldn't say offhand without the records.

Mr. RICE. Was Frank Costello a partner?

Mr. KASTEL. I believe he was.

Mr. RICE. What interest did you have?

Mr. KASTEL. I can't answer that question without the records.

Mr. RICE. Did you have 22½ percent?

Mr. KASTEL. I cannot answer that question without the record.

Mr. RICE. What interest did Costello have?

Mr. KASTEL. You will have to ask Mr. Costello.

Mr. RICE. Was Jack Lansky a partner?

Mr. KASTEL. Yes.

The CHAIRMAN. Jack Lansky, let's identify him. Is that the one in New York or Florida?

Mr. KASTEL. The one in Florida.

Mr. RICE. Is he a brother of Mayer Lansky?

Mr. KASTEL. Yes, sir.

Mr. RICE. Did Jack Lansky have an interest?

Mr. KASTEL. I believe he did. Yes, sir.

Mr. RICE. Did Dudley Geigerman have an interest?

Mr. KASTEL. I couldn't say without the records.

Mr. RICE. Did Freddie Rickerfor have an interest? A. G. Rickerfor of New Orleans?

Mr. KASTEL. I believe he did have.

Mr. RICE. Now, sir, did Thomas Hill have an interest?

Mr. KASTEL. Mr. Hill?

Mr. RICE. Yes.

Mr. KASTEL. Yes, sir; Mr. Hill had an interest.

Mr. RICE. And Peter Hand? Did Peter Hand have an interest?

Mr. KASTEL. I don't believe Mr. Hand had an interest with me—with the company. I believe he had a part of an interest with Mr. Hill.

Mr. RICE. I believe you are correct.

Mr. KASTEL. Sir?

Mr. RICE. I believe you are right.

Mr. O'CONNOR. Good; for once——

Mr. KASTEL. For once——

The CHAIRMAN. We are making headway.

Mr. RICE. Now, sir, what was the business of the Louisiana Mint Co.?

Mr. KASTEL. I refuse to answer that question, sir, on the ground that the question may tend to incriminate me.

Mr. RICE. Let's see if I am correct on that. Was that not also slot machines?

Mr. KASTEL. I refuse to answer that question, sir, on the grounds that the question may tend to incriminate me.

Mr. RICE. Why did they use the word "Mint" in the name?

Mr. O'CONNOR. Is that material and relevant, Mr. Rice? I ask you that in all fairness; I mean why was the name "Mint" used in the company?

The CHAIRMAN. I think it may have some important answer, Mr. O'Connor.

Mr. O'CONNOR. I bow to your judgment, sir.

The CHAIRMAN. Do you know why they used the name "Mint"? In other words, did the machines they have also when you put something in bring out a package of mints?

Mr. KASTEL. They would bring out a package of mints; yes, sir.

The CHAIRMAN. All right, that's a good answer.

Mr. RICE. Did anything else come out besides mint, if you were lucky?

The CHAIRMAN. Well, let's get it this way: This was substantially the same business that you started out back with the Bayou Novelty Co. and it came through these various companies or partnerships. Is that correct, Mr. Kastel?

Mr. KASTEL. Pretty much so, Senator.

The CHAIRMAN. All right.

Mr. RICE. Now, sir, did there come a time when the Louisiana Mint Co. filed a lawsuit against some people in New Orleans, some city officials for \$117,000?

Mr. KASTEL. I refuse to answer that question on the grounds——

Mr. O'CONNOR. I submit the record speaks for itself, and the records in the matter of the public record of the court of jurisdiction of this city have records and——

Mr. RICE. If he brought the suit we would be entitled to know——

Mr. O'CONNOR. It speaks for itself, I suggest——

The CHAIRMAN. Well, Mr. O'Connor, we won't go on the technical rules of evidence in an investigative committee. The record speaks for itself. We can get the record and put it in our record, which we will do. The witness is being asked whether the Louisiana Mint Co. filed a suit against certain city officials in the city of New Orleans. I believe the mayor was one of them, and some others. If he will answer the question, we will get along.

Mr. O'CONNOR. Yes; you filed the suit. They want to know if you filed the suit, for damages. Would you mind phrasing that question again, Mr. Rice, I am trying to——

Mr. RICE. Yes. Did the Louisiana Mint Co. file a suit for \$117,000 against certain officials in the city of New Orleans in 1946?

Mr. O'CONNOR. Yes.

Mr. KASTEL. The answer is "Yes."

Mr. RICE. What was the reason for that suit?

Mr. O'CONNOR. For damages.

Mr. KASTEL. For damages.

Mr. RICE. For what?

Mr. KASTEL. For seizing equipment.

Mr. RICE. What type of equipment?

Mr. KASTEL. Vending machines.

Mr. RICE. What type of vending machines?

Mr. KASTEL. Five-cent vending machines.

Mr. RICE. Five-cent vending machines.

Mr. KASTEL. Yes, sir.

Mr. RICE. What did they vend?

Mr. KASTEL. Mints.

Mr. RICE. Anything else?

(No response.)

The CHAIRMAN: I guess they'd pay off if you were lucky, so let's—

Mr. RICE. Did not the city police seize some 650 of these slot machines?

Mr. O'CONNOR. Wait a minute. We object to your calling them that, now. I mean, if our answer is going to be it. We are going to answer the way we answered the machines that were seized.

The CHAIRMAN. Well, Mr. O'Connor, you don't determine the way the witness answers. He answers on his own.

Mr. O'CONNOR. No; but I am his attorney, Senator. I hate—it is not my disposition or method to argue with people. I am very jovial as a rule and get along very rapid and easily with people but I must say that if he asks him—he said machines; vending machines. Now counsel puts it as slot machines.

The CHAIRMAN. Well, let's say vending and/or slot machines.

Mr. O'CONNOR. That's all right with me, then, Senator.

The CHAIRMAN. All right; go ahead, Mr. Rice.

Mr. RICE. Did not the city police seize some 650 of the company's machines and break up 390 of them?

Mr. KASTEL. I don't know how many they seized or how many they broke up.

Mr. RICE. Didn't you file suit?

Mr. KASTEL. I couldn't tell you without the record as to the exact amount.

Mr. RICE. Now, sir, at that time you had a substantial number of other machines in the company. What become of the other machines? Vending machines?

Mr. KASTEL. There were no other machines to my knowledge outside of what they seized.

Mr. RICE. If I might refresh your recollection, your record indicates there was a substantial number of other machines at that time.

Mr. KASTEL. No, sir.

Mr. RICE. Now, then, is your answer, at the time that those machines were seized those were the only machines that the Louisiana Mint Co. had?

Mr. KASTEL. As far as I know they were the only machines the Louisiana Mint Co. had. Yes, sir.

Mr. RICE. Now, sir, weren't you the manager of the company?

Mr. KASTEL. No, sir.

Mr. RICE. Who was the manager?

Mr. KASTEL. Mr. Geigerman.

Mr. RICE. What was your job?

Mr. KASTEL. I had a financial interest.

Mr. RICE. Yes, sir. Now, what was the extent of your financial interest?

Mr. KASTEL. I can't tell you without the record.

Mr. RICE. All right; approximately?

Mr. KASTEL. I cannot answer that question.

Mr. RICE. All right, sir. As a matter of fact, you were receiving upward of \$50,000 a year from your investment, were you not?

Mr. KASTEL. You have the records there.

Mr. RICE. I am asking you.

Mr. KASTEL. I can't answer that question without the record.

Mr. O'CONNOR. He admitted he owned the machines; he admitted he had an interest in the business.

The CHAIRMAN. All right, Mr. O'Connor, that's a fair question whether he was receiving—

Mr. O'CONNOR. Well, Senator, will you let me illustrate why I asked that point, or am I going to be stopped before I finish. He admits he had an interest in the business, he admits he owns the machines. That is the purpose of your inquiry. Does he have to be called upon to testify how much money he made out of it?

The CHAIRMAN. We want to know approximately how much.

Mr. O'CONNOR. I object to it. Just let it be noted in the record then.

The CHAIRMAN. Very well.

Mr. RICE. Did Carlos Marcello have any interest in that company?

Mr. KASTEL. No, sir.

Mr. RICE. Was not he a salesman?

Mr. KASTEL. No, sir.

Mr. RICE. Now, sir, let's go back to those machines that were seized. I want to make real sure now that those were the only machines owned by the company at that time.

Mr. KASTEL. I can't answer that question without the record. You are trying to trap me into things and I am trying to help this committee.

Mr. RICE. No; we want to know what became of the other machines.

Mr. KASTEL. Well, your attitude is not right at all.

Mr. RICE. We are not bothered about the attitude——

Mr. O'CONNOR. He wants to know——

Mr. KASTEL. I don't care what he wants to know, I am not going to be harassed. I am trying to help the committee, Counsel.

Mr. RICE. All right, sir. Let's try to find out what happened to these other machines. There were 600 there stored. Is that correct?

Mr. KASTEL. How is this going to help the committee?

The CHAIRMAN. That's all right, Mr. Kastel, you answer the questions, and I will judge that.

Mr. RICE. Isn't it true that just prior to the time those machines were seized that you removed other machines?

Mr. KASTEL. Not to my knowledge; no.

Mr. RICE. Were there other machines?

Mr. KASTEL. I won't say; I would say "No."

Mr. RICE. Why were those machines stored?

Mr. KASTEL. I couldn't answer that question.

Mr. RICE. All right, sir. You are in business now to make money. Is that correct? Isn't that right?

Mr. KASTEL. Not right, not always.

Mr. RICE. You are in an enterprise for profit, and you have 600 machines. Now, sir, can you tell me how those machines are making money in storage?

Mr. KASTEL. No; they couldn't make any money in storage.

Mr. RICE. What were they doing in storage?

Mr. KASTEL. Being repaired.

Mr. RICE. These 600 machines were being repaired?

Mr. KASTEL. They were doing nothing: just being repaired and repainted.

Mr. RICE. Now, who was repairing and repainting them?

Mr. KASTEL. The repair people.

Mr. RICE. Where were they stored?

Mr. KASTEL. In the building at 26 — whatever the number is, 2601 Chartres, I believe.

Mr. RICE. Who were they stored with?

Mr. KASTEL. In the company.

Mr. RICE. What company?

Mr. KASTEL. In the Louisiana Mint Co.

Mr. RICE. That was the company that you participated in?

Mr. KASTEL. Yes, sir.

Mr. RICE. Who were the people that were repairing them?

Mr. KASTEL. I couldn't tell you the names.

Mr. RICE. Did you have any machines out on the street at that time?

Mr. KASTEL. No, sir.

Mr. RICE. All of them were off location and back in the company?

Mr. KASTEL. Off location and back inside.

Mr. RICE. So that you had all the machines available to you stored for repair at that time?

Mr. KASTEL. Far as I know.

Mr. RICE. Do you contend that that is good business?

Mr. O'CONNOR. I object to that; that is irrelevant and immaterial whether that is good business or not when the machines are in the warehouse.

The CHAIRMAN. All right, let's get on.

Mr. RICE. Now, as a matter of fact, wasn't the heat on in town and you had directed that those machines be removed out of sight and stored?

Mr. KASTEL. I don't know what you mean by the "heat."

Mr. RICE. You don't know what the "heat" is?

Mr. KASTEL. No.

Mr. RICE. Now, then, wasn't it true that at that time some of those machines which were out on location and couldn't be placed in that building were sent to Carlos Marcello?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Is it possible?

Mr. KASTEL. It is not possible.

Mr. RICE. Where did the other machines go?

Mr. KASTEL. I don't know.

Mr. RICE. Well, now, you had a substantial number, more than 600, where did they go?

Mr. KASTEL. Not to my knowledge. Whatever was there shows in the record.

Mr. RICE. What became of them?

Mr. KASTEL. I don't know.

Mr. RICE. Now, sir, you indicated you were a party in interest: you have a substantial investment there. What has become of the additional machines which were not seized?

Mr. KASTEL. I do not know.

Mr. RICE. To this day you do not know?

Mr. KASTEL. To this day I do not know.

Mr. RICE. Do you want to stand by that answer?

Mr. KASTEL. Yes, sir, I do.

Mr. RICE. Are they still owned by the company?

Mr. KASTEL. Sir?

Mr. RICE. Are they still owned by the company?

Mr. KASTEL. I don't know where they are.

Mr. RICE. They just disappeared?

Mr. KASTEL. I don't know.

Mr. RICE. Didn't you make it your business to find out?

Mr. KASTEL. I wasn't there to watch them.

Mr. RICE. You weren't there to watch them. Were they stolen?

Mr. KASTEL. I couldn't say.

Mr. RICE. Is it possible they were stolen?

Mr. KASTEL. It's possible.

Mr. RICE. Did you make a complaint they were stolen?

Mr. KASTEL. No, sir.

Mr. RICE. What became of the machines, Mr. Kastel?

Mr. KASTEL. I do not know.

Mr. RICE. Now, sir, have you heard of the Crescent Music Co?

Mr. KASTEL. Yes, I have.

Mr. RICE. What is that?

Mr. KASTEL. It is a company that would supply music boxes to locations.

Mr. RICE. Is that a corporation?

Mr. KASTEL. I don't know what it is.

Mr. RICE. Is it a partnership?

Mr. KASTEL. I believe it a partnership, I am not sure.

Mr. RICE. Do you have an interest in it?

Mr. KASTEL. Not today; no.

Mr. RICE. Is it defunct now?

Mr. KASTEL. Yes, sir.

Mr. RICE. Was succeeded by what? The F. A. B. Distributing?

Mr. KASTEL. No, sir.

Mr. RICE. What happened to it?

Mr. KASTEL. The company was liquidated and sold out.

Mr. RICE. Now, then that company started on July 23, 1943, did it not?

Mr. KASTEL. If you have the record, that must be correct.

Mr. RICE. I am asking you.

Mr. KASTEL. I don't know without any records.

Mr. RICE. Is that approximately right?

Mr. KASTEL. No, sir.

Mr. RICE. When did it start in your estimation?

Mr. KASTEL. I would have to see the record.

Mr. RICE. When do you think it started?

Mr. KASTEL. I wouldn't want to think.

Mr. RICE. Didn't you have—Oh, you wouldn't want to think.

Mr. KASTEL. No; not about that; not to give you exact dates, no.

Mr. RICE. All right, sir. You don't want to think the record says it started on July 23, 1943, and continued until 1948. The company was first owned by Jack Jaffe. Who is he?

Mr. KASTEL. He is the man that owned the company.

Mr. RICE. Where does he live?

Mr. KASTEL. He is deceased. He's passed out.

Mr. RICE. Now, was he related to Jacob Jaffe of the Mills Novelty Co.?

Mr. KASTEL. I never knew a Jacob Jaffe of the Mills Novelty Co.

Mr. RICE. Where did Jack Jaffe come from?

Mr. KASTEL. New York.

Mr. RICE. Was Jaffe formerly with you and Costello and Kastel in the Midtown Novelty Co. of New York?

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. RICE. I see. Now, did you ever have an office at Room 1108, 1860 Broadway, New York City?

Mr. KASTEL. I refuse to answer that question. The question may tend to incriminate me.

Mr. RICE. Did you not have an office in that room with Frank Costello?

Mr. KASTEL. I refuse to answer that question. The question may tend to incriminate me.

Mr. RICE. Have you ever been in that room?

Mr. KASTEL. I refuse to answer that questioning on the ground that it may tend to incriminate me.

Mr. RICE. What was the business of the Crescent Music Co.? What commodity did they deal in?

Mr. KASTEL. They handled music boxes, jukeboxes and records.

Mr. RICE. Music boxes, jukeboxes and records where?

Mr. KASTEL. In the city of New Orleans.

Mr. RICE. And distributed them to locations?

Mr. KASTEL. Yes, sir.

Mr. RICE. Did Jimmy Eisenburg have an interest at any time?

Mr. KASTEL. The name sounded familiar but I believe that was an interest of Mr. Jaffe's.

Mr. RICE. Yes; now didn't Mrs. Loretta Costello have an interest?

Mr. KASTEL. Yes, sir.

Mr. RICE. What was your answer to Loretta Costello?

Mr. KASTEL. My answer was "Yes."

Mr. RICE. Was she in the company at the same time you were?

Mr. KASTEL. Yes, sir.

Mr. RICE. She is the wife of Frank Costello?

Mr. KASTEL. That is correct.

Mr. RICE. She had 25 percent interest?

Mr. KASTEL. I couldn't say about the percentage; it is so long. But she had an interest.

Mr. RICE. She had a half of your interest, did she not?

Mr. KASTEL. No, sir; she had an interest, a participating interest in the company.

Mr. RICE. I see. Now, didn't you buy the company at one time, yourself, 1944?

Mr. KASTEL. I believe it was a company that was purchased from someone.

Mr. RICE. Yes. Now, you bought the company, did you not, and sold a half interest to Mrs. Loretta Costello? Isn't that correct?

Mr. KASTEL. Facts happen so fast; possibly about the same time.

Mr. RICE. In other words, it was a simultaneous transaction?

Mr. KASTEL. You have the date; you have the record.

Mr. RICE. On paper you took it over, but she actually had a half interest all the time.

Mr. KASTEL. She put up her money and had a half interest in the company.

Mr. RICE. What became of that company?

Mr. KASTEL. That company went out of business.

Mr. RICE. Get anything from Dan Cohen?

Mr. KASTEL. Sir?

Mr. RICE. Did the company buy anything from Dan Cohen?

Mr. KASTEL. I believe so.

Mr. RICE. What did they buy from Cohen?

Mr. KASTEL. I couldn't tell you offhand without the record.

Mr. RICE. Didn't they buy music boxes from Dan Cohen?

Mr. KASTEL. Some; some music boxes.

Mr. RICE. Anything wrong with the music boxes?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Did the company make money?

Mr. KASTEL. I would say "No."

Mr. RICE. Did Dudley Geigerman have any connection with the Crescent Music Co.?

Mr. KASTEL. No, sir.

Mr. RICE. Didn't he help on the selling route, or location route, collections?

Mr. KASTEL. No, sir.

Mr. RICE. Are you sure about that?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Isn't it true that Geigerman was functioning then on a collection route for the Louisiana Mint and at the same time for the Crescent Music Co.?

Mr. KASTEL. No, sir.

Mr. RICE. Are you sure about that?

Mr. KASTEL. Pretty sure.

Mr. RICE. Certain?

Mr. KASTEL. Pretty certain.

Mr. RICE. That is way back, now.

Mr. KASTEL. I know, but I know Geigerman had no connection as far as collection of any money for the Crescent Music Co.

Mr. RICE. All right, sir. In connection with those jukeboxes, or automatic music devices: Were those caused to be a member of any association, a member of any phonograph operators association?

Mr. KASTEL. Not to my knowledge. I don't believe the Crescent Music Co. was a member of any organization.

Mr. RICE. Did you ever hear of the Phonograph Operators Association of New Orleans?

Mr. KASTEL. Did I ever hear of what?

Mr. RICE. The Phonograph Operators Association of New Orleans.

Mr. KASTEL. No, sir.

Mr. RICE. Did you ever hear of George Brennan?

Mr. KASTEL. Yes, sir.

Mr. RICE. What was his job?

Mr. KASTEL. I couldn't say.

Mr. RICE. Wasn't he president of that association?

Mr. KASTEL. I couldn't say.

Mr. RICE. Didn't he collect \$2.00 a week from each of the machines?

Mr. KASTEL. Not to my knowledge. Not from our company?

Mr. RICE. How was the Crescent Music Co. terminated? What became of it?

Mr. KASTEL. Just couldn't make any money. It was liquidated, and whatever assets were left were sold and some other concern took them over and paid for the assets, and took over the liabilities, I believe.

Mr. RICE. Who took over the assets, Mr. Kastel?

Mr. KASTEL. The record will show. I couldn't truthfully tell you the name of the company or the individual. The records will show it.

Mr. RICE. Did Dan Cohen take it back?

Mr. KASTEL. No, sir; some other local operator here.

Mr. RICE. It was sold locally?

Mr. KASTEL. Yes, sir.

Mr. RICE. All right, sir, now coming down to the Beverly Country Club when was that establishment started?

Mr. KASTEL. I believe it was in 1945.

Mr. RICE. 1945. Now, tell us how you happened to become connected with the Beverly Country Club?

Mr. KASTEL. If you don't mind asking the questions, I'll try to answer them. I am not going to sit here and tell you a big, long story.

Mr. RICE. My question is, how did you become connected? Did you buy into it yourself? Did you buy the whole club? What happened?

Mr. KASTEL. I just leased it.

Mr. RICE. Did you lease it as an individual?

Mr. KASTEL. No, sir.

Mr. RICE. From whom did you lease it?

Mr. KASTEL. I leased it from A. G. Rickerfor.

Mr. RICE. Now, you are talking about the land and building?

Mr. KASTEL. Yes, sir.

Mr. RICE. Was Mr. Rickerfor the owner?

Mr. KASTEL. Yes, sir.

Mr. RICE. Is he still the owner?

Mr. KASTEL. No, sir.

Mr. RICE. You subsequently bought it?

- Mr. KASTEL. Subsequently it was taken over.
- Mr. RICE. Now, when you say "We leased it," who is "we"?
- The CHAIRMAN. That is a corporation?
- Mr. RICE. Yes.
- The CHAIRMAN. Ask him if it is a corporation.
- Mr. RICE. You say "We leased——"
- Mr. KASTEL. It was leased by whoever had an interest in the company at that time, which the records will show.
- Mr. RICE. I understood you to say that "We leased it from Mr. Rickerfor." Is that right?
- Mr. KASTEL. That is right.
- Mr. RICE. Who are you referring to when you say "We"?
- Mr. KASTEL. The people who are interested in the company today.
- Mr. RICE. Who are they?
- Mr. KASTEL. You have the records there.
- Mr. RICE. You tell me.
- The CHAIRMAN. Ask him some specific questions.
- Mr. RICE. It is a going company today. Isn't that right?
- Mr. KASTEL. That's right.
- Mr. RICE. Who are the parties in interest?
- Mr. KASTEL. Myself, Mr. Costello.
- Mr. RICE. Now, as of the moment then, the owners are you and Mr. Costello?
- Mr. KASTEL. And some others.
- Mr. RICE. Who are the others?
- Mr. KASTEL. Mr. Marcello.
- Mr. RICE. What Marcello?
- Mr. KASTEL. Carlos Marcello.
- Mr. RICE. Who else?
- Mr. KASTEL. Mr. Rickerfor.
- Mr. RICE. And who else?
- Mr. KASTEL. And Dudley Geigerman.
- Mr. RICE. All right. What is the percentage of interest, now?
- Mr. KASTEL. You will have to look at the records to find that out.
- Mr. RICE. All right, we'll see if this isn't so: Phillip Kastel, 47½ percent; Frank Costello, 20 percent; A. G. Rickerfor, 17½ percent; Carlos Marcello, 12½ percent; and Dudley Geigerman, 2½ percent.
- Mr. KASTEL. That sounds about correct.
- Mr. RICE. That is according to your stock records, sir?
- Mr. KASTEL. Yes, sir.
- The CHAIRMAN. May I ask. I thought Lansky had an interest.
- Mr. KASTEL. He did have an interest, Senator. It was sold about—I believe almost 2 years ago.
- Mr. RICE. Now, the property was acquired in 1945, you say?
- Mr. KASTEL. I believe Rickerfor acquired the property.
- Mr. RICE. Yes. And did you form a corporation?
- Mr. KASTEL. And leased it to us.
- Mr. RICE. Did you immediately form a corporation?
- Mr. KASTEL. I couldn't say whether it was immediately or afterward.
- Mr. RICE. When Lansky had an interest, was it a corporation then?
- Mr. KASTEL. Yes, sir; I believe it was.
- Mr. RICE. Who else besides Lansky was in there?
- Mr. KASTEL. You have the names there. That's all. Whatever names show in there.
- Mr. RICE. Was Lansky the only other one besides the names that have been mentioned?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Which Lansky was it?
- Mr. KASTEL. Mayer Lansky.
- Mr. RICE. Mayer Lansky?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. In the Louisiana Mint it was Jack Lansky, his brother?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. This was his brother, Mayer?
- Mr. KASTEL. That's right.
- Mr. RICE. Did Jack Lansky have an interest in this?
- Mr. KASTEL. No, sir.
- Mr. RICE. Are there any parties——
- Mr. O'CONNOR. Wait a minute. Did Jack Lansky have an interest in what?

Mr. KASTEL. No.

Mr. RICE. In the Beverly?

Mr. KASTEL. The answer is "No."

Mr. RICE. Jack had an interest in the Louisiana Mint.

Mr. KASTEL. That's right.

Mr. RICE. Mayer in the Beverly.

Mr. KASTEL. That's right.

Mr. RICE. What percentage of interest, or what amount of investment did Mayer Lansky have?

Mr. KASTEL. The records will show that.

Mr. RICE. You tell us.

Mr. KASTEL. I can't tell you offhand without the records.

Mr. RICE. What became of him?

Mr. KASTEL. What do you mean "what became of him"?

Mr. RICE. Who bought his interest?

Mr. KASTEL. I bought his interest.

Mr. RICE. What did you pay for it?

Mr. KASTEL. You will find that in the records. I can't tell you offhand.

Mr. RICE. A hundred thousand?

Mr. KASTEL. Whatever the book value was.

Mr. O'CONNOR. I object to that on the ground it is not pertinent to this investigation. He's admitted an interest; he has admitted he's bought it, and the things you wanted to find out and all that, and specially when we have an income tax here next week. I object to that.

Mr. RICE. At the time that Mayer Lansky was in the company what percentage of interest did he have?

Mr. KASTEL. The records will show that.

The CHAIRMAN. I think he had 12½ percent.

Mr. KASTEL. I believe it is more than that, Senator, but the record will show it; I cannot remember what the records show.

Mr. RICE. What do you believe it was?

Mr. KASTEL. I am not going to think; I am not going to guess. You have the records.

Mr. RICE. Now, did you produce the stock records?

Mr. KASTEL. Yes, sir.

Mr. RICE. Take a look at the stock records and tell us exactly what Mayer Lansky had.

(Mr. KASTEL examined the documents.)

The CHAIRMAN. All right. What was the amount of stock he owned? What is the total amount?

Mr. KASTEL. I think about 20 percent.

Mr. O'CONNOR. About 20 shares of common stock.

Mr. KASTEL. I think that is about what it was: about 20 percent. It shows 20 shares.

The CHAIRMAN. All right.

Mr. RICE. Does anyone have an interest in your interest, Mr. Kastel?

Mr. KASTEL. No, sir.

Mr. RICE. Does anyone have an interest in your interest?

Mr. KASTEL. No, sir.

Mr. RICE. You own it entirely in your own right?

Mr. KASTEL. Yes, sir.

Mr. RICE. Do you know Bugsy Siegel?

Mr. KASTEL. Do I know him?

Mr. RICE. Yes. Did you know him?

Mr. KASTEL. Yes, I knew him slightly; yes.

Mr. RICE. Was he a partner of Mayer Lansky?

Mr. KASTEL. I couldn't say.

Mr. RICE. Did Bugsy Siegel have an interest?

Mr. KASTEL. I could not say.

Mr. RICE. Did he have a part of Mayer's interest?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Why did Mayer Lansky sell?

Mr. KASTEL. I couldn't say.

Mr. RICE. What was the deal? You bought it from him.

Mr. KASTEL. The proposition was not making enough money to suit him, I guess.

Mr. RICE. Was it making enough money to suit you?

Mr. KASTEL. Not particularly.

- Mr. RICE. Why did you buy it?
- Mr. KASTEL. I thought it would be all right for me.
- Mr. RICE. Now, sir, at the time that Mayer Lansky had an interest in the club, were you forwarding copies of a financial statement to Mayer?
- Mr. KASTEL. Was I? No.
- Mr. RICE. Was the club?
- Mr. KASTEL. No.
- Mr. RICE. Was he receiving copies of the financial statement?
- Mr. KASTEL. I could not say.
- Mr. RICE. Did he have an accountant?
- Mr. KASTEL. I believe he had an accountant; yes.
- Mr. RICE. And what was the name of the accountant?
- Mr. KASTEL. I think it was an accountant by the name of George Goldstein.
- Mr. RICE. He was in New Jersey?
- Mr. KASTEL. I think so.
- Mr. RICE. In Newark?
- Mr. KASTEL. I think so.
- Mr. RICE. Is not he also an accountant for some people in Florida?
- Mr. KASTEL. I could not say. I don't know the man's business.
- Mr. RICE. Is he an accountant for you?
- Mr. KASTEL. No, sir.
- Mr. RICE. Is he an accountant for Costello?
- Mr. KASTEL. Not to my knowledge. I don't know.
- Mr. RICE. Is he an accountant for Rickerfor?
- Mr. KASTEL. I don't know Rickerfor's business.
- Mr. RICE. Is he an accountant for anyone connected with Beverly, except Mayer?
- Mr. KASTEL. You will have to ask him. I am only talking for myself, sir.
- Mr. RICE. Well now, sir, the Beverly, in which you were the controlling party, or manager, or principal, here, was sending financial statements to Goldstein. Is that not right? You would send a monthly statement up there?
- Mr. KASTEL. I never sent a monthly statement to him.
- Mr. RICE. Who keeps the books, or who has kept the books of the company locally here?
- Mr. KASTEL. You mean the certified—the c. p. a.?
- Mr. RICE. Yes.
- Mr. KASTEL. Charles Murphy.
- Mr. RICE. Was Murphy instructed to send statements to Goldstein?
- Mr. KASTEL. It is possible.
- Mr. RICE. Possible. Now, sir, with that possibility—
- Mr. O'CONNOR. May I ask by whom he was instructed? Ask him that.
- Mr. RICE. Yes. I would like to know that.
- By whom was he instructed to do that?
- Mr. O'CONNOR. You asked the question, Was he instructed by Mr. Kastel or someone else? That is what we want.
- The CHAIRMAN. All right. Was he instructed and by whom was he instructed to send—
- Mr. KASTEL. I don't know by whom, Senator; it might have been Mr. Lansky himself.
- The CHAIRMAN. But you know he was instructed to send them up there?
- Mr. KASTEL. So it appears.
- The CHAIRMAN. All right.
- Mr. RICE. Now, sir, Mayer Lansky sold his interest in 1948. Is there any reason for sending financial statements to Goldstein after that date, the date of the sale?
- Mr. KASTEL. No particular reason. Only that it might have gone along automatically in case he did receive them. It would not be my instructions one way or the other.
- Mr. RICE. Did you ever cancel the instructions?
- (No response.)
- Mr. RICE. Is Goldstein receiving statements today?
- Mr. KASTEL. Not to my knowledge.
- Mr. RICE. Is it possible?
- Mr. KASTEL. It is possible; yes.
- Mr. RICE. Now then, what is the business of the Beverly Club?
- Mr. KASTEL. It is a restaurant and night club.
- Mr. RICE. Restaurant and night club. Now, anything else?
- Mr. KASTEL. We sell liquor.

- Mr. RICE. Anything else? Does it have a casino?
- Mr. KASTEL. I refuse to answer that question on the ground the question may tend to incriminate me.
- Mr. RICE. On your books and records where the word "Casino" is used, what do you mean by that?
- Mr. KASTEL. I refuse to answer that question on the grounds the question may tend to incriminate me.
- Mr. RICE. Is that the same as the restaurant?
- Mr. KASTEL. I refuse to answer that question, sir, on the ground that the question may tend to incriminate me.
- Mr. RICE. Where your books and records use the words "Win" and "Lose," does that refer to the restaurant?
- Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.
- Mr. RICE. Does it refer to the casino?
- Mr. KASTEL. I refuse to answer that question, on the same grounds.
- Mr. RICE. Does it refer to gambling?
- Mr. KASTEL. I refuse to answer that question on the grounds that it may tend to incriminate me.
- Mr. RICE. What is your title in connection with the club?
- Mr. KASTEL. I am the president.
- Mr. RICE. You are the president.
- Mr. KASTEL. And general manager.
- Mr. RICE. And general manager?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. All right, sir. Now then, you do the hiring and firing?
- Mr. KASTEL. Not always.
- Mr. RICE. Who is in charge of that?
- Mr. KASTEL. I have some assistants.
- Mr. RICE. How many employees do you have?
- Mr. KASTEL. The records will show it.
- Mr. RICE. How many employees do you have?
- Mr. KASTEL. Possibly in the neighborhood of 120 or 130.
- Mr. RICE. About 120 or 130?
- Mr. KASTEL. More or less.
- Mr. RICE. What is your total payroll, weekly?
- Mr. KASTEL. I could not tell you that offhand, without the records.
- Mr. RICE. Now, sir, are all of those 130 employees employed in either the restaurant or the night club phase?
- Mr. KASTEL. Would you mind phrasing that question again?
- Mr. RICE. Are all the employees employed in the restaurant?
- Mr. KASTEL. I refuse to answer that question.
- Mr. RICE. Do you have employees in the casino?
- Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.
- Mr. RICE. Now, sir, is Mr. Murphy here?
- Mr. O'CONNOR. I don't know. Do you know?
- Mr. KASTEL. I could not say. I don't know. Call his name out.
- The CHAIRMAN. Let's go to something else.
- Mr. RICE. Now, sir, possibly we can stipulate a little bit here. The committee staff has examined the books, with the assistance of Mr. Murphy, the accountant. Possibly we can work out one or two things.
- The CHAIRMAN. Let's state what you find the books show and ask him if that is true.
- Mr. RICE. We find the books and records for the fiscal year ending November 30—you work on a fiscal year?
- Mr. KASTEL. That is right.
- Mr. RICE. 1949, reflect that the restaurant had an income of \$494,038.65, and that there were expenses of \$1,093,989. Therefore, that year there was an operating loss, in the restaurant, of \$599,950.35. Now, that is what the books show. Do you have any other business besides the restaurant?
- Mr. KASTEL. Under that roof?
- Mr. RICE. Yes.
- Mr. KASTEL. No, sir. No—I refuse to answer that question on the ground it may tend to incriminate me.
- Mr. RICE. Now, the restaurant lost a half million dollars. Do you have any other business that keeps it alive?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. For the same period, according to your books, the income from the casino was \$93,119—no cents. The expenses for the casino were \$261,568.42. Accordingly, the profit for the casino was \$677,550.58. This is according to your books. Now, sir, you, in response to the subpoena turned in copies of your Federal income tax return for the same year, 1949. We find that on the Federal income tax—

Mr. O'CONNOR. Wait a minute. Are you going into his Federal income tax now? May I ask that question, Mr. Rice?

Mr. RICE. No, we are going to ask him—

Mr. O'CONNOR. Questions relating to Federal income tax?

Mr. RICE. No, we are asking him questions relating to the income and expense—

Mr. O'CONNOR. As based from his Federal income tax?

Mr. RICE. Mr. Counsel, you may decide. We will ask the questions.

The CHAIRMAN. Are these from the records and books?

Mr. O'CONNOR. I think inasmuch as you have ruled that—

The CHAIRMAN. All right.

Mr. RICE. Now, sir, from an examination of the income tax return that you have supplied in response to the subpoena I find a slight discrepancy there: That the casino expenses which were shown on the books previously at \$261,568.42 were recorded in the tax return at \$699,027.52.

Mr. O'CONNOR. I am going to object to all this on the following grounds: This committee was given the authority by the President to look into the income tax returns of individuals. We returned that to you. But to make them public, I don't believe that this committee, even with the lax rules that it has, has the right to go into that, and I sincerely object to that and urge my objection to that.

The CHAIRMAN. Mr. O'Connor, we are not—These are records you brought in; not anything we got—

Mr. O'CONNOR. In accordance with your subpoena, sir, so that you can look at them. The Federal Government says you can. The President gave you the right for the first time in history to go into the income tax returns, to look at them to help your committee. We did not want to hinder your committee; we let your committee have these things; in conformity with that we complied, but to make them public, I don't think that was ever the intention, and we object strenuously.

The CHAIRMAN. Well, of course, we would have the right. We are not using anything we got except what we got from you, sir.

Mr. O'CONNOR. Under the authority of the Senate resolution, sir.

The CHAIRMAN. No, sir; the authority of the Senate resolution is for us to get them somewhere else. What we are referring to we got from you. Anyway, the point is, and the question is, one place you charged off a whole lot, you showed you lost a lot of money in the restaurant, and the other place you showed you made a lot of money in the restaurant, and we are just wondering how the books are kept that way.

Mr. KASTEL. Senator, I couldn't answer that without the c. p. a. I am not an auditor and I am not a bookkeeper. The man gets paid for that work and I would appreciate it if you would ask him.

The CHAIRMAN. We will ask him, then.

Mr. RICE. All right, sir. As the president of the company do you charge in your books expenses for entertainment and advertising to the restaurant or the casino?

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. RICE. Is it not true you charge all those expenses to the restaurant, in the books?

(No response.)

Mr. RICE. Can you explain that shift in expenses, sir?

Mr. KASTEL. I could not tell you offhand without the record. You have the record in front of you. You will have to call the c. p. a.

Mr. RICE. All right, sir. Now then, who are the officers of the corporation?

Mr. KASTEL. You have the record there.

Mr. RICE. You are the president. Who is the vice president?

Mr. KASTEL. I could not tell you offhand, without the record.

Mr. RICE. Who is the treasurer?

The CHAIRMAN. Mr. (Ralph) Mills, look at the books and let's refresh the witness' recollection, if he doesn't know.

Mr. RICE. Mr. Kastel, you are the president of the corporation. Who are the other officers?

Mr. KASTEL. You have them there in the records.

Mr. RICE. Let's look at them. You have them down there.

Mr. KASTEL. I have not seen them.

Mr. RICE. Who are the other officers? Don't you know?

Mr. KASTEL. I couldn't tell you offhand.

Mr. RICE. You don't know?

Mr. KASTEL. I could not tell you offhand.

Mr. RICE. You are the president of the corporation. You don't know who your treasurer is?

Mr. KASTEL. You have it on record.

Mr. RICE. You don't know who your vice president is? Who are your board of directors?

Mr. KASTEL. You have the record there.

Mr. RICE. Are you a member of the board of directors?

The CHAIRMAN. Mr. Kastel, it doesn't make any difference whether we have the record or not. You know who the vice president and the treasurer, and so forth, are. Tell us about it. Or if you know who the board of directors are, whether we have the record or whether we have not.

Mr. KASTEL. I cannot answer that question.

Mr. RICE. Are you a member of the board of directors?

Mr. KASTEL. Yes, sir.

Mr. RICE. Who else is on the board of directors?

Mr. KASTEL. I can't answer that question.

Mr. RICE. Can you name one?

Mr. KASTEL. I can't answer that question.

Mr. RICE. Can you name any other one officer?

Mr. KASTEL. I can't answer that question.

Mr. RICE. Now, sir, you are doing a million-dollar business a year; you don't know who the officers are?

(No response.)

Mr. RICE. Do you want to stand on that answer?

Mr. KASTEL. You have the record there.

Mr. RICE. Do you realize, sir, that if you refuse to answer when you do know the answer it constitutes a contempt?

Mr. KASTEL. Are you threatening me?

Mr. RICE. No, I am telling you.

The CHAIRMAN. I understand the record book showing who the officers are that you did not bring in?

Mr. O'CONNOR. Yes, sir.

Mr. KASTEL. Let me see the record.

Mr. O'CONNOR. We gave the committee everything we have.

Mr. MARTIN. Not that one.

Mr. RALPH MILLS. No, not that one.

Mr. O'CONNOR. We gave you everything we had.

The CHAIRMAN. Well, the minute book apparently has not been brought in, as to who the officers are.

Mr. O'CONNOR. I shall be glad to bring it in. There are possibly some changes made recently and I don't want to go on record when I don't know what I am talking about.

The CHAIRMAN. Who were the officers before the changes were made?

Mr. KASTEL. I was the president from the inception.

Mr. RICE. Who were some of the officers at any time? Mr. Charles Murphy is the secretary-treasurer. He is the accountant?

Mr. KASTEL. He is the accountant; yes, sir.

Mr. RICE. He is a c. p. a.?

Mr. KASTEL. Yes, sir.

Mr. RICE. In this State.

The CHAIRMAN. Let's get any other officers we can get. Who are the other officers?

Mr. KASTEL. I could not tell you offhand, without the records.

Mr. RICE. You cannot remember any officers at any time—

Mr. KASTEL. No, sir.

Mr. RICE. In the last 4 years?

The CHAIRMAN. Is Marcello an officer?

Mr. KASTEL. No, sir. I haven't looked at it.

Mr. RICE. Costello?

- Mr. KASTEL. No, sir.
Mr. RICE. Geigerman?
Mr. KASTEL. No, sir. Not to my knowledge.
Mr. RICE. Rickerfor?
Mr. KASTEL. No, not to my knowledge.
The CHAIRMAN. Will you have Mr. Murphy bring the minute book up in the morning so we can see just who the officers are?
Mr. KASTEL. Yes, sir.
Mr. O'CONNOR. I want to make a notation on that. Who do you want us to bring that to, Senator? To you or to Mr. Rice?
The CHAIRMAN. To Mr. Rice.
Mr. RICE. Now, sir, do the officers receive salaries as officers?
Mr. KASTEL. I would say no, outside of myself. I would say no. The answer is "No."
Mr. RICE. Are you the only paid officer?
Mr. KASTEL. No.
Mr. RICE. Are the other officers paid?
Mr. KASTEL. I would have to look at the records.
Mr. RICE. Are the officers all stockholders?
Mr. KASTEL. I believe so. They have to be.
Mr. RICE. All right, sir. You know who all the stockholders, are, don't you?
Mr. KASTEL. There may be some small shares, somebody may have one share of stock and be an officer.
Mr. RICE. Oh, I see. Who might that be?
Mr. KASTEL. I don't know.
Mr. RICE. Well, let's not speculate. Let's get down to facts here.
Mr. KASTEL. Well, I do not know. That is my answer.
Mr. RICE. Is there anyone with an interest of one or two shares?
Mr. KASTEL. My answer is, I do not know.
Mr. RICE. Is it possible?
Mr. KASTEL. I would not answer it.
Mr. RICE. I don't believe your books show that anyone might have one share.
Mr. KASTEL. Well, you check them and you will find out.
Mr. RICE. All right, sir.
Now then, what does Mr. Frank Costello do for the corporation?
Mr. KASTEL. He does a lot of good will work.
Mr. RICE. He does good will work?
Mr. KASTEL. Yes.
Mr. RICE. Will you amplify that a little bit?
Mr. KASTEL. He takes care of, partly, entertainment.
Mr. RICE. What good will work does he do?
Mr. KASTEL. Telling people about the club.
Mr. RICE. Telling people?
Mr. KASTEL. Yes.
Mr. RICE. Now then, what does he tell them?
Mr. KASTEL. He asks them, when they come to New Orleans, to patronize the place.
Mr. RICE. Now then, where does he do this good will work?
Mr. KASTEL. Wherever he happens to be.
Mr. RICE. Where is that, mostly?
Mr. KASTEL. Wherever he happens to be at the time.
Mr. RICE. Is it sometimes at Hot Springs?
Mr. KASTEL. Possible.
Mr. RICE. Sometimes in Florida?
Mr. KASTEL. Possible.
Mr. RICE. Sometimes in New York?
Mr. KASTEL. Possible.
Mr. RICE. Sometimes in Chicago?
Mr. KASTEL. Possible.
Mr. RICE. Now, sir, he does the good will work by telling people when they go to New Orleans to do what?
Mr. KASTEL. To patronize the club.
Mr. RICE. To patronize the club.
Mr. KASTEL. Yes.
Mr. RICE. Now then, what people does he tell?
Mr. KASTEL. I don't know.
Mr. RICE. Does he tell anybody?
Mr. KASTEL. I imagine people he comes in contact with.

Mr. RICE. Does he do anything else for the club or the company?

Mr. KASTEL. He advises with me at times.

Mr. RICE. He advises with you. What do you mean by that?

Mr. KASTEL. About entertainment.

Mr. RICE. He advises you about entertainment?

Mr. KASTEL. About entertainment.

Mr. RICE. I see. Is he an employee of the company?

Mr. KASTEL. Yes.

Mr. RICE. Is he on the payroll as an employee?

Mr. KASTEL. Yes.

Mr. RICE. Do you pay social security on him?

Mr. KASTEL. I believe so.

Mr. RICE. And unemployment compensation?

Mr. KASTEL. I believe so.

Mr. RICE. Now, sir, what does he draw for this good will work that he does?

Mr. KASTEL. The records will show it.

Mr. RICE. From your own knowledge, what does he draw?

Mr. KASTEL. From my own knowledge: [Pause.]

Mr. RICE. All right, sir. I show you a check No. 8 8148 dated October 28, 1949, of the Beverly Country Club, in the amount of \$3,468.80, drawn to Frank Costello, 115 Central Park West, New York.

Mr. KASTEL. Let me see it.

Mr. RICE. And I ask you what that is for.

Mr. KASTEL. Would you mind looking at the books? I didn't sign this check. Mr. Murphy signed it.

Mr. RICE. Does Costello draw an even amount, odd amount, or how does he get paid? Weekly, monthly?

Mr. KASTEL. Monthly.

Mr. RICE. He gets paid that much a month?

Mr. KASTEL. No.

Mr. O'CONNOR. He did not say he was paid that much. He is not referring to that. He said this check is not signed by him.

Mr. RICE. Yes, but he is the president; doesn't he approve the checks that are drawn?

Mr. O'CONNOR. This is signed by Murphy.

Mr. RICE. We are asking the witness. Don't you approve the checks that are drawn?

Mr. KASTEL. Not always.

Mr. RICE. All right.

Mr. KASTEL. I didn't approve that. I didn't know anything about that. I don't recall this particular check.

Mr. RICE. Murphy can draw any check in any amount?

Mr. KASTEL. He can draw any check necessary; yes, sir, if he sees that the records call for it, he can draw it. He has the authority.

Mr. RICE. How much does Costello draw a month? for his good will work. \$867.20?

Mr. KASTEL. I believe that was the figure.

Mr. RICE. I see two checks here dated June and July 1950: Check No. 10069, dated June 21, 1950, in the amount of \$867.20, drawn to Frank Costello, signed by Philip Kastel —

Mr. O'CONNOR. May we see it?

Mr. RICE. Of the Beverly Country Club. What is that for [handing document to counsel]?

Mr. KASTEL. That is his salary check.

Mr. O'CONNOR. Salary check, for his good will?

Mr. KASTEL. Yes.

Mr. O'CONNOR. Answer it.

Mr. KASTEL. That is a thousand dollars less the deductions.

Mr. RICE. Yes, a thousand dollars less deductions for social security.

Mr. KASTEL. That's right.

Mr. RICE. So that he draws a thousand dollars a month, doesn't he?

Mr. KASTEL. That's right.

Mr. RICE. All right, sir. What is the \$3,000 check for?

Mr. KASTEL. You will have to ask Mr. Murphy about that check.

Mr. RICE. Does Costello draw any money besides his good-will work for which he receives a thousand dollars a month?

Mr. KASTEL. No, sir.

Mr. RICE. Well, here is the check.

Mr. KASTEL. We will have to ask Mr. Murphy what it is.

The CHAIRMAN. Let's describe the check a little better here: "Beverly Country Club, check No. 8148, New Orleans, La., October 28, 1949, \$3,468.80. Frank Costello, 115 Central Avenue Park West. Beverly Country Club, Inc., Charles D. Murphy, to Progressive Bank & Trust Co., New Orleans." And it is endorsed "Frank Costello" and apparently either cashed or deposited in the Corn Exchange Bank in New York, on November 2, 1949.

Well, these checks speak for themselves. They seem to be a thousand dollars a month, with these extra amounts.

Mr. O'CONNOR. I think Mr. Murphy can explain that check better than Mr. Kastel.

The CHAIRMAN. Let them be made a part of the record.

(The checks were made a part of the record, and are on file with the committee.)

Mr. RICE. Well now, Mr. Kastel is present. If we find from an examination of the records that Costello drew substantially more than the thousand dollars a month, what were the additional payments? What is he entitled to? Any dividends? any interest? any other repayment on loans?

Mr. KASTEL. He would be entitled to repayment on loans; yes.

Mr. RICE. Has he loaned the club money?

Mr. KASTEL. Well, we all have.

Mr. RICE. You all have. So that it is possible this is repayment of a loan?

Mr. KASTEL. I wouldn't say; you will have to ask Mr. Murphy.

Mr. O'CONNOR. Tell them.

The CHAIRMAN. Mr. O'Connor, let the—

Mr. O'CONNOR. I want to explain it. I think I can explain it if you will ask me.

The CHAIRMAN. Wait just a minute. Move over. Let the witness answer. I think you might get him confused.

Mr. O'CONNOR. I was going to try to help you. From now on I won't help you if that's your position in the matter. I was going to try to help you. I told him to explain what that check was.

The CHAIRMAN. If you can help us we will be glad to have your explanation.

Mr. O'CONNOR. I think I am entitled to consult with my client at any time, sir. I am not trying to put words in his mouth.

The CHAIRMAN. While he is testifying don't be talking with him. Let him do his own talking.

Mr. O'CONNOR. I was not talking with him, sir.

The CHAIRMAN. Well, some noise I heard from down there.

Mr. O'CONNOR. There could be a lot of noises buzzing around here, sir.

The CHAIRMAN. All right. Let's go on.

Mr. O'CONNOR. I was going to help you, and maybe you would have gotten an answer.

The CHAIRMAN. Well, we will get one on something else.

Mr. O'CONNOR. I think I have been very helpful to you gentlemen.

The CHAIRMAN. All right, Mr. Rice; let's carry on.

Mr. KASTEL. I believe I know what this is, Senator, but I am not sure, and I don't care to answer until I consult with Mr. Murphy tomorrow morning, if you don't mind.

The CHAIRMAN. Well, do you want to give us your best idea about it?

Mr. KASTEL. My best idea is it was an increase in salary and I believe covers about 2 months. That is my best answer. I am not sure.

Mr. RICE. Now then, sir, an increase in salary in October 1949?

Mr. KASTEL. I think so; I am not sure.

The CHAIRMAN. Well, these other checks, though, for a little less than \$900 were 1950, so maybe it was an increase in salary during 1949.

Mr. KASTEL. I believe so. I am not sure; I would rather consult with Mr. Murphy.

The CHAIRMAN. All right. You consult with Mr. Murphy and we will ask him, or you, what it is.

Mr. RICE. Now then, sir, I believe an examination of the records shows that at about that time there was a surplus of some \$70,000 to the credit of the company. I take it at that time that Costello's salary was increased. An examination of the records shows that within the next 6 months the company showed a loss of some \$197,000. How do you account for that?

Mr. KASTEL. The records speak for themselves; if there was a loss there was a loss.

Mr. RICE. This was last winter, from November to March.

Mr. KASTEL. If there was a loss there was a loss.

Mr. RICE. When is your busy season?

Mr. KASTEL. About this time of the year; holiday time.

Mr. RICE. Do you generally lose money in the busy season?

Mr. KASTEL. Sometimes.

Mr. O'CONNOR. I object to that; he didn't say he lost money at all, sir—I withdraw that; pardon me. I withdraw that, Mr. Rice.

Mr. RICE. Now, sir, you said you paid Costello social security: You paid social security for him? Is it not true that his social security number, for Frank Costello, is XXXXXXXX?

Mr. KASTEL. I do not know.

Mr. RICE. Can you find it on the record?

Mr. KASTEL. I haven't looked at that record.

The CHAIRMAN. All right. If that is what it shows on the record, why that must be it.

Mr. RICE (handing document to witness). Take a look at the record; see if you don't see it there.

Mr. KASTEL. If it is there, it's there. I don't have to look at it. You are good enough.

Mr. RICE. Now then, who is Louis Joseph Costello?

Mr. KASTEL. He is an employee.

Mr. RICE. Is he related to Frank Costello?

Mr. KASTEL. Yes. That is his nephew.

Mr. RICE. That is his nephew. Now, where is Louis Joseph Costello located?

Mr. KASTEL. In the city of New Orleans.

Mr. RICE. What does he do for the Beverly?

Mr. KASTEL. He works.

Mr. RICE. What does he do?

Mr. KASTEL. He works there.

Mr. RICE. What type of work does he do?

Mr. CHAIRMAN. Well, does he work out in the club?

Mr. KASTEL. He works out in the club; yes, sir.

Mr. RICE. Does he work in the casino or the restaurant?

Mr. KASTEL. I refuse to answer the question about the casino.

Mr. RICE. Does he work in the restaurant?

Mr. KASTEL. I refuse to answer the question on the ground it may tend to incriminate me.

Mr. RICE. Did he work in the kitchen?

Mr. KASTEL. I refuse to answer the question.

Mr. RICE. Who is Jack T. Costello?

Mr. KASTEL. Jack T. Costello?

Mr. RICE. Yes. He shows on your payroll a number of times: Jack T. Costello.

Mr. KASTEL. I do not know.

Mr. RICE. You don't know him?

Mr. KASTEL. No.

Mr. RICE. Now then, Charles Murphy, the accountant: Is he paid on a fee basis or on a salary basis?

Mr. KASTEL. On a salary basis.

Mr. RICE. So that he is an employee. Do you deduct social security?

Mr. KASTEL. I wouldn't say whether it is on a salary or fee basis. He gets paid for his work. I don't know how technical it is.

Mr. RICE. Is social security deducted from payments for Mr. Murphy?

Mr. KASTEL. I don't know; I couldn't say.

Mr. RICE. Can you check the records and find out?

Mr. KASTEL. You can ask Mr. Murphy; that is the simplest way.

Mr. RICE. How about asking you? You know.

Mr. KASTEL. I would have to check it. I don't know; I couldn't say.

Mr. RICE. What are his arrangements?

Mr. KASTEL. He's an accountant and looks after all the books and records of the company.

Mr. RICE. Now, does he work in the club?

Mr. KASTEL. At times he works in the club; yes, sir.

Mr. RICE. Is he the same as Charles J. Murphy who appears on your payroll? Is he the same as Charles D. Murphy, the c. p. a.?

Mr. KASTEL. Charles B. Murphy is a c. p. a.

Mr. RICE. Yes. Do you have a Charles J.?

Mr. KASTEL. Charles J.?

Mr. RICE. Yes.

Mr. KASTEL. Not to my knowledge. I don't know who Charles J. is.

Mr. RICE. All right. Now then, how about E. F. Broussard? Who is he?

Mr. KASTEL. He is connected with Mr. Murphy's office.

Mr. RICE. Is he paid on a salary basis?

Mr. KASTEL. He is not paid by this company; only for extra work that he does at times.

Mr. RICE. He does what, at times?

Mr. KASTEL. Sometimes he may do some extra work.

Mr. RICE. Now then, sir, when he does extra work and you pay him, do you deduct social security?

Mr. KASTEL. I don't say; I imagine it is deductible.

Mr. RICE. Your records show September 30, 1950, there was a payment of \$600 to Broussard for social security; does that refresh your recollection?

Mr. KASTEL. That it was deducted, you say?

Mr. RICE. Yes.

Mr. KASTEL. Well, if it is there it was deducted.

Mr. RICE. Now then, Solly Rappaport: Is he an employee?

Mr. KASTEL. I refuse to answer that question.

Mr. RICE. You refuse to answer whether or not Solly Rappaport is an employee?

Mr. KASTEL. On the ground that the question may tend to incriminate me.

Mr. RICE. What does Solly Rappaport do for Beverly?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

Mr. RICE. How about Mitchel A. Italiano? Does he work for the Beverly?

Mr. KASTEL. I don't know him.

Mr. RICE. You never heard of Mitchel A. Italiano. Do you have an employee named Italiano?

Mr. KASTEL. No, sir; I don't believe so.

Mr. RICE. Have you ever had?

Mr. KASTEL. It may be possible.

Mr. RICE. If the records show you have an employee?

Mr. KASTEL. If the records show, then it is possible.

Mr. RICE. Now then, Peter Joseph Marcello: Is he an employee?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. RICE. The record shows that Peter Joseph Marcello is an employee. What does he do?

Mr. KASTEL. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. RICE. Is he a relative of Carlos Marcello?

Mr. KASTEL. I believe he is.

Mr. RICE. What relation?

Mr. KASTEL. His brother.

Mr. RICE. Do you know him?

Mr. KASTEL. I know him; yes.

Mr. RICE. What does he do for a living?

Mr. KASTEL. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. RICE. What does Carlos Marcello do for a living?

Mr. KASTEL. You will have to ask him.

Mr. RICE. To your knowledge.

Mr. KASTEL. I don't know.

Mr. RICE. Isn't it true that Peter Joseph Marcello works in the casino at the club?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. RICE. All right. Anthony J. or Louis Cominotto: Is he an employee?

Mr. KASTEL. Yes, sir.

Mr. RICE. What does he do?

Mr. KASTEL. He is a chef.

Mr. RICE. He's a chef. Now then, sir, what are your arrangements? Are you paid quarterly, weekly, monthly?

Mr. KASTEL. Some departments it's weekly, and some department it is bi-weekly.

Mr. RICE. You personally, as president; how are you paid?

Mr. KASTEL. Monthly.

Mr. RICE. Now then, do you draw a salary?

Mr. KASTEL. Yes, sir.

Mr. RICE. And in addition to your salary, do you have any other income from the club?

Mr. KASTEL. No.

Mr. RICE. You are on a straight salary?

Mr. KASTEL. Yes.

Mr. RICE. Now then, don't you also draw dividends?

Mr. KASTEL. If there are any dividends I would draw them; sure.

Mr. RICE. What controls the declaration of dividends? Who decides that?

Mr. KASTEL. The amount of money on hand would decide that.

Mr. RICE. Yes. Now, who gets together and decides to declare a dividend?

Mr. KASTEL. The accountant.

Mr. RICE. The accountant does the deciding?

Mr. KASTEL. And myself.

Mr. RICE. You assist him?

Mr. KASTEL. Sir?

Mr. RICE. Do you assist him?

Mr. KASTEL. Do I assist the accountant?

Mr. RICE. Yes.

Mr. KASTEL. No. In what way?

Mr. RICE. What formula does he use for arriving at the amount of the dividend?

Mr. KASTEL. I don't know.

Mr. RICE. You are the president of the company.

Mr. KASTEL. I don't know.

Mr. RICE. You are disbursing some of the assets. What instructions does the accountant have?

Mr. KASTEL. I don't know.

Mr. RICE. You don't know?

Mr. KASTEL. I haven't given him any instructions recently.

Mr. RICE. Did you ever give him any instructions?

Mr. KASTEL. I have given him a lot of instructions.

Mr. RICE. Relating to dividends?

Mr. KASTEL. I couldn't answer that question.

Mr. RICE. Now, sir, the club is located in Jefferson Parish?

Mr. KASTEL. Yes, sir.

Mr. RICE. Who is the sheriff in Jefferson Parish?

Mr. KASTEL. Frank J. Clancy.

Mr. RICE. Do you know him?

Mr. KASTEL. Slightly.

Mr. RICE. Has he been in the club?

Mr. KASTEL. No, sir.

Mr. RICE. Never been in the club?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Now, sir, isn't it true that the club is open to the public?

Mr. KASTEL. Yes, sir.

Mr. RICE. And Clancy has never been in the club?

Mr. KASTEL. Not to my knowledge.

Mr. RICE. Is it possible he has been there without your knowledge?

Mr. KASTEL. I couldn't answer that.

Mr. RICE. Now, sir, isn't it true that the club operates outside the law?

Mr. KASTEL. Sir?

Mr. RICE. Isn't it true that the club operates outside the law?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

Mr. RICE. How do you make the arrangements to operate that way?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. RICE. Has any money been paid to any law-enforcement officer from the club?

Mr. KASTEL. I refuse—what was that question?

Mr. RICE. Has any money been paid to any law-enforcement officer from the club?

Mr. KASTEL. "Any law-enforcement officer from the club."

Mr. RICE. Yes.

Mr. O'CONNOR. He means, did you pay anybody.

Mr. KASTEL. Did I pay anybody? No. My answer is "No."

Mr. RICE. You are quite sure of that?

Mr. KASTEL. My answer is "No."

Mr. RICE. Has any law-enforcement officer drawn any money from the club?

Mr. KASTEL. No.

Mr. RICE. Has any money been paid to any law-enforcement officer, indirectly, from the club?

Mr. KASTEL. No.

Mr. RICE. Do you know Paul Cassagne?

Mr. KASTEL. Yes, sir.

Mr. RICE. What is his job?

Mr. KASTEL. I believe he is a deputy sheriff.

Mr. RICE. Has he ever been in the club?

Mr. KASTEL. I have seen him in the club.

Mr. RICE. What was he doing in the club?

Mr. KASTEL. He came to ask me to put some men to work.

Mr. RICE. Yes, sir. Now, who did he ask you to put to work?

Mr. KASTEL. Oh, I couldn't remember the names now. He asked me on several occasions if I had any room to put some men to work for him.

Mr. RICE. Yes, sir. Now, where did those conversations take place?

Mr. KASTEL. Sometimes downstairs in an office.

Mr. RICE. And sometimes in your upstairs office?

Mr. KASTEL. No; I have no office upstairs.

Mr. RICE. All right, sir. Has Cassagne ever been in the casino part of the club?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. RICE. Has Cassagne ever been in the casino part of the club with you?

Mr. KASTEL. I refuse to answer that question on the ground the question may tend to incriminate me.

Mr. RICE. As you go in the front door of the club, what is located immediately on your right? Is there a room there?

Mr. KASTEL. I refuse to answer that question on the ground that the question may tend to incriminate me.

Mr. RICE. Is it not true that in the room immediately to your right there are dice tables and roulette wheels?

Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.

Mr. O'CONNOR. Let me shorten it for you. May I say something? When he says he refuses, let the rest of the answer follow, sir?

The CHAIRMAN. Yes; we understand.

Mr. O'CONNOR. You understand? All right. That will save some time.

The CHAIRMAN. Yes.

Mr. RICE. Are there any deputy sheriffs on the payroll of the Beverly Club?

Mr. KASTEL. I don't know if any employees are deputy sheriffs.

Mr. RICE. Do you have an employee named Roth?

Mr. KASTEL. What is the name?

Mr. RICE. Roth. R-o-t-h.

Mr. KASTEL. I couldn't say without the records.

Mr. RICE. Do you have an employee named Cy Ernst?

Mr. KASTEL. No, sir.

Mr. RICE. Do you know Cy Ernst?

Mr. KASTEL. Slightly.

Mr. RICE. Isn't it true that he drives you home occasionally?

Mr. KASTEL. Occasionally; yes.

Mr. RICE. Isn't Cy Ernst a deputy sheriff?

Mr. KASTEL. Yes; he is a deputy sheriff.

Mr. RICE. Now then, what is he paid for that?

Mr. KASTEL. He is not paid.

Mr. RICE. Doesn't he draw some \$25 a week for driving you home?

Mr. KASTEL. Not that I know of.

Mr. RICE. Is it possible that he does?

Mr. KASTEL. I won't say it is possible or it's not possible.

Mr. RICE. Why does he drive you home? You drive, don't you?

Mr. KASTEL. Not always; not always. I had an accident and I haven't driven for a long time. There have been a lot of stick-ups in that neighborhood and he drives me home the same as he would likely drive you home if you asked him, or anybody else.

Mr. RICE. I see; and for that service he gets paid.

Mr. KASTEL. I don't pay him for any service at all.

Mr. RICE. Have you ever paid him anything?

Mr. KASTEL. Not to my knowledge. No; I don't believe so.

Mr. RICE. He does this as a favor to you, then?

Mr. KASTEL. He doesn't drive me often enough to call it a favor, or anything else.

Mr. RICE. How about Roth? Does he drive you?

Mr. KASTEL. I don't know Roth.

Mr. RICE. Do you use an armored-car service?

Mr. KASTEL. No, sir.

Mr. RICE. Are the receipts for the evening at the club maintained on the club premises? Is there a safe there?

Mr. KASTEL. Yes, sir.

Mr. RICE. And do you carry large sums with you when you leave?

Mr. KASTEL. At times.

Mr. O'CONNOR. I object to that question, not only for the purpose of the record but for other reasons. You can understand that, Senator.

Mr. RICE. Now, do you know any officers on the Louisiana State Highway Patrol, or State police?

Mr. KASTEL. Do I know any officers?

Mr. RICE. Yes.

Mr. KASTEL. Know them in what way?

Mr. RICE. Well, for instance, do you know any officers who might bring you license plates?

Mr. KASTEL. No.

Mr. RICE. On January 18, 1951, a uniformed officer of the Louisiana State Police delivered to your office and placed on your desk some Louisiana automobile tags. What do you have to say about that?

Mr. KASTEL. I have nothing to say about it. I don't know anything about it.

Mr. RICE. Where do you get your license plates?

Mr. KASTEL. We make application for them the same as everybody else.

Mr. RICE. Have you ever seen any State police in the club?

Mr. KASTEL. Sometimes, for an inquiry.

Mr. RICE. For an inquiry?

Mr. KASTEL. Yes, about an accident, or something of that kind.

Mr. RICE. Now, sir, do you maintain any rooms at the Roosevelt Hotel?

Mr. KASTEL. Yes, sir.

Mr. RICE. How many?

Mr. KASTEL. Two rooms.

Mr. RICE. Two rooms.

Mr. KASTEL. Yes.

Mr. RICE. On a year-around basis?

Mr. KASTEL. Yes, sir.

Mr. RICE. In your name?

Mr. KASTEL. Yes, sir.

Mr. RICE. What is the telephone number there?

Mr. KASTEL. The hotel telephone?

Mr. RICE. No; your private line.

Mr. KASTEL. I don't care to give that private-line number out. Why should I?

Mr. RICE. So you have a private line there, do you not?

Mr. KASTEL. Yes, sir.

Mr. RICE. Now then, who pays for the rooms? Do you pay for them personally or is it charged to the club?

Mr. KASTEL. Part of it is charged to the club for expenses.

Mr. RICE. For expenses for what?

Mr. KASTEL. For expenses for the club; as an office.

Mr. RICE. In connection with what? As an office?

Mr. KASTEL. Yes, sir.

Mr. RICE. Is this an office?

Mr. KASTEL. It is an office. I don't sleep there.

Mr. RICE. Are there any beds there?

Mr. KASTEL. Yes, sir.

Mr. RICE. Occasionally do guests stay there?

Mr. KASTEL. What do you mean by "guests"?

Mr. RICE. Well, your guests. Do you occasionally invite guests to stay in the rooms?

Mr. KASTEL. Sometimes, yes.

Mr. RICE. Did Frank Costello ever stay there?

Mr. KASTEL. No, sir.

Mr. RICE. Jack Lansky?

Mr. KASTEL. No, sir.

Mr. RICE. Joe Adonis.

- Mr. KASTEL. No, sir.
- Mr. RICE. Do you know Joe Adonis?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Has he been to New Orleans?
- Mr. KASTEL. Not to my knowledge in quite a long time.
- Mr. RICE. When was the last time he was down here?
- Mr. KASTEL. I couldn't say. It was a long time ago.
- Mr. RICE. What is his right name?
- Mr. KASTEL. I don't know.
- Mr. RICE. Isn't it Joe Dotto?
- Mr. KASTEL. I couldn't say.
- Mr. RICE. Was he at the Beverly Club when he was down?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. How about Jerry Katino? Do you know him?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Where is he from?
- Mr. KASTEL. I couldn't say.
- Mr. RICE. Was he at the Beverly Club?
- Mr. KASTEL. I believe he was; yes.
- Mr. RICE. Did he stay at the Roosevelt when he was there?
- Mr. KASTEL. I think so.
- Mr. RICE. Did he stay in your room?
- Mr. KASTEL. No, sir; not to my knowledge.
- Mr. RICE. Now, is it not true considerable sums of money have been paid and sent to Costello in New York by the club?
- Mr. KASTEL. Any money that has been paid to Mr. Costello is on the books of the company.
- Mr. RICE. Yes, sir. Now, in 1944, Costello left a package with \$27,000 in a taxicab in New York. He said that \$15,000 of this money was sent to him by Phil Kastel in Louisiana. What was that money sent to him for?
- Mr. KASTEL. I can't tell you now. I can't remember.
- Mr. RICE. This was in cash money. Do you send cash money to New York?
- Mr. KASTEL. I didn't say that I did send it.
- Mr. RICE. Now, sir, you said you sent considerable sums of money—
- Mr. KASTEL. Whatever is on the record of the books. If it is shown on the books that is what it is.
- Mr. RICE. I want to ask you this: Have you ever sent cash money to Costello?
- Mr. KASTEL. I refuse to answer that question on the grounds that the question may tend to incriminate me.
- Mr. RICE. If Costello said that you did would he be wrong?
- Mr. KASTEL. I am not accountable for what Costello says.
- Mr. RICE. Do you recall sending money in any other form than checks to Costello in New York?
- Mr. KASTEL. I can't answer that question.
- Mr. RICE. Does Costello retain money at the club that belongs to him? Cash money.
- Mr. KASTEL. I couldn't answer that question. I refuse to answer that question.
- The CHAIRMAN. Well, Mr. Kastel, the thing about it is that Costello said that out of this \$25,000, \$15,450 of the money was money sent to him by his Louisiana partner, Phil Kastel, and apparently the idea being that it belonged to you and that he could get it back on that basis.
- Mr. O'CONNOR. Did he say that in a court of record or is that in a newspaper account?
- The CHAIRMAN. No, that was in a court of record. Did he receive some money that belonged to you? That is what we want to know.
- Mr. KASTEL. It is possible that there might have been a difference. I might have owed him some money at that time.
- The CHAIRMAN. Fifteen thousand dollars?
- Mr. KASTEL. It is possible.
- The CHAIRMAN. All right then.
- Mr. RICE. Do you know Tony Logan?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Who is he?
- Mr. KASTEL. What do you mean, who is he?
- Mr. RICE. Who is he? Where is he from?
- Mr. KASTEL. He is an individual.
- Mr. RICE. Where is he from?
- Mr. KASTEL. I believe he is from Chicago.

Mr. RICE. He's from Chicago?

Mr. KASTEL. Uh-huh.

Mr. RICE. Where does he live?

Mr. KASTEL. I don't know.

Mr. RICE. How do you get in touch with him?

Mr. KASTEL. I can't tell you where he lives.

Mr. RICE. Now, sir, do you have any business with Tony Logan?

Mr. KASTEL. No, sir.

Mr. RICE. Have you ever had any business with Tony Logan?

Mr. KASTEL. Yes, sir.

Mr. RICE. What business?

Mr. KASTEL. I refuse to answer on the grounds that the question may tend to incriminate me.

Mr. RICE. Isn't it true that you participate in a football pool with Tony Logan?

Mr. KASTEL. I refuse to answer on the same grounds.

Mr. RICE. Isn't it true that the football pool you engage in with Tony Logan is one of the largest in the country?

Mr. KASTEL. I refuse to answer on the same grounds.

Mr. RICE. Where did you do business with Tony Logan?

Mr. KASTEL. I refuse to answer that question on the same grounds.

Mr. RICE. Has he been to New Orleans?

Mr. KASTEL. I refuse to answer that question on the same grounds.

Mr. RICE. Now, sir, have you ever telephoned to Logan at Memphis, Tenn.?

Mr. O'CONNOR. What about?

Mr. KASTEL. Telephoned to Logan about that?

Mr. RICE. That's what I would like to know.

Mr. KASTEL. I don't know.

Mr. RICE. Do you know how to locate him on the telephone?

Mr. KASTEL. Not now; no.

Mr. RICE. Have you ever talked to him on the telephone?

Mr. KASTEL. Possible.

Mr. RICE. When was the last time you talked to him?

Mr. KASTEL. I couldn't say.

Mr. RICE. Where was he when you last talked to him?

Mr. KASTEL. I can't tell you.

Mr. RICE. Did you have any part of the business with him in Memphis?

Mr. KASTEL. In Memphis, Tenn.?

Mr. RICE. Yes.

Mr. KASTEL. I never had any business in Memphis, Tenn.

Mr. RICE. Did Tony Logan have business there?

Mr. KASTEL. I couldn't answer for Tony Logan.

Mr. RICE. Did you ever talk to him on the telephone at Memphis?

Mr. KASTEL. It's possible.

Mr. RICE. Now, sir, if it is possible, what did you talk about?

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. RICE. All right, sir. Now, do you know Allen Smiley?

The CHAIRMAN. Just a second. How long ago has it been since you had any business with Mr. Logan?

Mr. KASTEL. Oh, it must be a year ago, Senator.

The CHAIRMAN. What was the name of the company? Or was it a corporation?

Mr. KASTEL. No company. I might have made some wagers with him on football, the same as you or anybody else might have in some other way.

The CHAIRMAN. I mean, it wasn't anything with any company?

Mr. KASTEL. No company; no, sir.

The CHAIRMAN. Was he in the football pool business? Was that his business?

Mr. KASTEL. I believe he handled—He was a manipulator of football, and he was an authority on football.

The CHAIRMAN. Let's go on.

Mr. RICE. Would you call him a betting commissioner?

Mr. KASTEL. Possibly.

Mr. RICE. Do you know Allen Smiley?

Mr. KASTEL. Not very well.

Mr. RICE. When did you last see Allen Smiley?

Mr. KASTEL. I saw him in New Orleans, possibly about a year ago; a year and a half ago.

Mr. RICE. Where is he from?

- Mr. KASTEL. I don't know.
- Mr. RICE. Is he a friend of Bugsy Siegel?
- Mr. KASTEL. I don't know.
- Mr. RICE. The late Bugsy Siegel, that is.
- Wasn't Smiley in the room with Bugsy Siegel when he was murdered in Los Angeles?
- Mr. KASTEL. I wasn't there. How do I know?
- Mr. RICE. Did Smiley ever tell you about that?
- Mr. KASTEL. No, sir.
- Mr. RICE. Has Smiley ever been in the club?
- Mr. KASTEL. I was never that intimate with him.
- Mr. RICE. Was Smiley ever in the Beverly Club?
- Mr. KASTEL. Not to my knowledge.
- Mr. RICE. Where did you see Smiley?
- Mr. KASTEL. At the Roosevelt.
- Mr. RICE. What is that?
- Mr. KASTEL. At the Roosevelt.
- Mr. RICE. Did Smiley stay in your rooms at the Roosevelt?
- Mr. KASTEL. I believe he did, for a couple of days. He wasn't able to get a room.
- Mr. RICE. Did Frank Costello ever stay there?
- Mr. KASTEL. No, sir.
- Mr. RICE. Are you quite certain that Frank Costello never stayed in your rooms at the Roosevelt Hotel? Think hard.
- Mr. KASTEL. What do you mean by "stay there"? Did he sleep there?
- Mr. RICE. Sleep there; yes.
- Mr. KASTEL. No, sir; not to my knowledge. He always got rooms of his own, and he registered in the hotel when he was in town.
- Mr. RICE. I see. Did he use your rooms when he was—
- Mr. KASTEL. It is quite possible. During the day he might have used the rooms to play cards in and make a few telephone calls.
- Mr. RICE. Now, sir, was it possible that he ever stayed at the Roosevelt in your rooms and did not register in another room?
- Mr. KASTEL. Not to my knowledge.
- Mr. RICE. Is it possible?
- Mr. KASTEL. Anything is possible.
- Mr. RICE. Do you want to say that he never did stay in your rooms?
- Mr. O'CONNOR. He wanted to say what he answered you, counsel; not to his knowledge. That's the answer he made.
- Mr. RICE. Costello never stayed in your rooms over night?
- Mr. KASTEL. Not to my knowledge.
- Mr. RICE. All right, sir.
- Now then, have you ever been arrested?
- Mr. KASTEL. Yes, sir.
- The CHAIRMAN. Well, before we get off that.
- If he stayed in your room would you know about it, Mr. Kastel?
- Mr. Kastel. Yes, sir.
- The CHAIRMAN. Well, I think I should tell you that the record shows that he has stayed, or at least he used your apartment on two occasions at least, and that the bills were charged to your room, 1252, to your account.
- Mr. KASTEL. For incidentals.
- The CHAIRMAN. That is according to the Roosevelt Hotel.
- Mr. KASTEL. For incidentals. It is possible that he stayed there during the day, Senator, and used the telephone and possibly had lunch, or something of that kind.
- The CHAIRMAN. Well, from March 2 to March 11, 1946, for instance—
- Mr. KASTEL. Well, I couldn't go back that far.
- The CHAIRMAN. And at other times, his bills were charged to your room.
- Mr. KASTEL. There is no point in saying he didn't stay there.
- The CHAIRMAN. We just wanted to get the facts about it.
- Mr. KASTEL. Yes, but I don't want—
- The CHAIRMAN. Now, before you leave Allen Smiley, this fellow Smiley—as a matter of fact, the records show that he stayed in your room, or apartment, 44 times, in the hotel, from 1936 up to 1950.
- Mr. KASTEL. From 1936 to 1950.
- The CHAIRMAN. Yes. Visiting from 3 days to 91 days.
- Mr. KASTEL. To what?
- The CHAIRMAN. Ninety-one days.

Mr. KASTEL. Oh, no; that is impossible.

The CHAIRMAN. That is according to the records at the Roosevelt Hotel.

Mr. KASTEL. That is impossible.

The CHAIRMAN. Allen Smiley—

Mr. KASTEL. You are talking about Smiley, aren't you?

The CHAIRMAN. No, I was talking about Costello.

Mr. KASTEL. Oh, oh; oh. Well, Costello would come here and he would use the room during the day and, as I say, play cards, likely have lunch, but he wouldn't sleep there.

The CHAIRMAN. Well, it shows he was registered in your rooms 44 times for a total of 466 days, in the last 14 years.

Of course, it isn't any crime, but we just wondered why you said he never stayed there.

Mr. KASTEL. No, I can't remember it, Senator. Every time he came here he came with Mrs. Costello and they would get a room or a suite of their own.

The CHAIRMAN. That is according to the records of the Roosevelt.

Mr. KASTEL. I couldn't say.

Mr. RICE. What is your room number there?

Mr. KASTEL. 562. They changed the rooms recently.

The CHAIRMAN. It was 1252?

Mr. KASTEL. Oh, that's a long time ago.

The CHAIRMAN. Now, before you leave Allen Smiley: Allen Smiley comes from Los Angeles, doesn't he?

Mr. KASTEL. Only from what I see or read in the newspapers.

The CHAIRMAN. Did you have any business dealings with him?

Mr. KASTEL. No, sir; none whatever at any time.

The CHAIRMAN. Did he do some work for the Beverly Club?

Mr. KASTEL. No, sir.

The CHAIRMAN. Wasn't he on the payroll at one time?

Mr. KASTEL. No, sir.

The CHAIRMAN. Is he the fellow who is a friend of Mickey Cohen's out there?

Mr. KASTEL. I couldn't say; I don't know the man, Cohen.

The CHAIRMAN. Do you know Mickey Cohen?

Mr. KASTEL. No, sir.

The CHAIRMAN. You never saw him?

Mr. KASTEL. I never saw him in my life.

The CHAIRMAN. All right. Go ahead.

Mr. RICE. Do you know Sam Massio?

Mr. KASTEL. Yes, sir.

Mr. RICE. Where is he located?

Mr. KASTEL. I believe he's located in Galveston.

Mr. RICE. What is his business?

Mr. KASTEL. I believe the man is in the restaurant business; amusement business.

Mr. RICE. Have you done any business with Massio?

Mr. KASTEL. No, sir.

Mr. RICE. Now, sir, did you say that you had been arrested?

Mr. KASTEL. Yes, sir.

Mr. RICE. When was that?

Mr. KASTEL. Oh, a long time ago.

Mr. RICE. When was the first time?

Mr. KASTEL. Twenty-some-odd years ago.

Mr. RICE. Twenty-some-odd years ago. Were you arrested in February 1918, in New York City for extortion?

Mr. KASTEL. No, sir. What? Are you trying to embarrass somebody here?

Mr. RICE. I am asking you a question, sir.

Mr. KASTEL. I am giving you an answer. If you look at your record you will find that I was acquitted and I sued and I was awarded damages.

Mr. RICE. I asked you if you were arrested.

Mr. KASTEL. I won't answer that question.

Mr. O'CONNOR. In all fairness to him, if that record shows he was awarded damages that question should not be asked this man. I think that is an outrageous proposition to present here.

The CHAIRMAN. Well, just for your—

Mr. O'CONNOR. If he was awarded damages by a court of competent jurisdiction that question is an outrageous question to ask.

The CHAIRMAN. Well, Mr. O'Connor, don't get excited. The record does not show he was awarded any damages. It shows that he was—

Mr. O'CONNOR. But the record, as far as your investigators had other records to furnish, Senator, and look into find out the true facts into it—

The CHAIRMAN. He has a perfect right, and we are giving him plenty of opportunity to make any explanation about it he wants to. The record shows that in February 1918, in New York City—

Mr. O'CONNOR. He intends to humiliate and degrade people. I hope you are never in that position, Senator.

The CHAIRMAN. I was trying to tell you what the record says sir: "Extortion" and "Dismissed by Judge Mulqueen, general sessions court."

Mr. KASTEL. I sued for false arrest and imprisonment, and was awarded damages.

The CHAIRMAN. It does not say anything about it.

Mr. KASTEL. I can't help what it doesn't say.

The CHAIRMAN. I am glad you have made that explanation.

Mr. RICE. How much damages did you recover.

Mr. KASTEL. I can't recall. I gave it to charity at the time. I wouldn't use the money.

Mr. RICE. Was it more than \$10?

Mr. KASTEL. Yes, sir.

Mr. RICE. Was it more than a hundred?

Mr. KASTEL. Oh, well; let's not go into that.

The CHAIRMAN. All right. Let's go on.

Mr. KASTEL. You are trying to persecute people instead of letting me help the committee.

Mr. RICE. When was the next time you were arrested?

Mr. KASTEL. You have the record there.

Mr. RICE. Were you arrested on December 6, 1926, at Fonda, N. Y., for grand larceny?

Mr. KASTEL. Yes, sir. I was tried three times in Federal court and until my dying day I will say I was not guilty; that it was a miscarriage of misjustice. In other words, I believe I was framed to this present day.

Mr. RICE. Now, sir, were you sentenced in connection with that charge?

Mr. KASTEL. Yes, sir.

Mr. RICE. You received 3½ to 8 years in the penitentiary.

Mr. KASTEL. I took the case to the United States Supreme Court.

Mr. RICE. All right, sir. Were you arrested again in February of 1930 for grand larceny?

Mr. KASTEL. No, sir. That's out of the same case; it is all the same case.

The CHAIRMAN. The only other one was in 1928, on using the mails to defraud.

Mr. KASTEL. That is out of the same case, Senator.

The CHAIRMAN. Was that on the same one?

Mr. KASTEL. Yes, sir.

Mr. RICE. Did you serve time in Atlanta on that?

Mr. KASTEL. Yes, sir. I paid my penalty, and there is no reason for you to try to embarrass me.

Mr. RICE. How much time did you spend in Atlanta?

Mr. KASTEL. You have the record there.

Mr. RICE. Don't you recall?

Mr. O'CONNOR. Do you think that that is pertinent to this investigation, Senator?

The CHAIRMAN. Well, we have asked about it, and he has testified. The record we have here shows that 3 years, but I had understood it was less than that. So I don't know. That is the reason we were asking.

All right. Anything else?

I just wanted to ask one or two questions: Have you been raided out at the club, out at the Beverly Club, at any time?

Mr. KASTEL. Raided? Not to my knowledge; no, sir.

The CHAIRMAN. Now, tell us how this Whitely's scotch whisky deal worked and how long was that contract in operation. You formed the Atlas Distributing—

Mr. KASTEL. Alliance Distributors.

The CHAIRMAN. I mean Alliance Distributors, and as I understand the note was signed by Mr. Haim and it was payable to Mr. Hellis. Is that correct?

Mr. KASTEL. That is right.

The CHAIRMAN. \$325,000, and endorsed by you and Mr. Costello and for that you got the exclusive right, or some right, in connection with "King's Ransom" and "House of Lords."

Mr. KASTEL. That is right.

The CHAIRMAN. Was that for the whole United States?

Mr. KASTEL. For the whole United States; yes, sir.

The CHAIRMAN. And then you mean you got a percentage, a small percentage, for selling?

Mr. KASTEL. I got a small percentage per case, which amounted to—in English moneys it would be 6 pence per case—which amounted to 50 to 60 cents per case. It ran into anywhere from \$35,000 to \$50,000 a year.

The CHAIRMAN. The note was put up as collateral just to have working capital. Is that right?

Mr. KASTEL. At that time I believe; yes.

The CHAIRMAN. It ran into how much a year?

Mr. KASTEL. \$35,000 to \$50,000 a year.

The CHAIRMAN. How many years did you and Mr. Costello have that?

Mr. KASTEL. Mr. Costello had nothing to do with that.

The CHAIRMAN. He just signed the note to help you out?

Mr. KASTEL. He just signed the note as a coendorser to help me out; yes, sir.

The CHAIRMAN. He had no part of the business?

Mr. KASTEL. No part of that money at all.

The CHAIRMAN. You were the entire Alliance Distributors?

Mr. KASTEL. No, sir; I was not. I was not. I had nothing to do with the Alliance Distributors. I was interested in the parent company in Europe.

The CHAIRMAN. What was that company?

Mr. KASTEL. The William Whitely Co.

The CHAIRMAN. I see. Who were the Alliance Distributors?

Mr. KASTEL. Irving Haim, and—I don't know—some of his other relatives, I believe.

The CHAIRMAN. Costello?

Mr. KASTEL. Costello was never interested in the Alliance Distributors.

The CHAIRMAN. Which one was Mr. Hellis interested in?

Mr. KASTEL. He wasn't interested in either one of them while I was there.

Mr. RICE. Now, sir, do you go to the club every night, substantially?

Mr. KASTEL. Substantially; yes.

Mr. RICE. And are you in direct charge there?

Mr. KASTEL. Yes, sir.

Mr. RICE. All right, sir. At the end of the day who makes up—who checks up on what money is taken in?

Mr. KASTEL. At the end of the day? The cashier.

Mr. RICE. What is his name?

Mr. KASTEL. Tanico.

Mr. RICE. Michael Tanico?

Mr. KASTEL. Yes, sir.

Mr. RICE. Now then, does he take care of the receipts from the restaurant and the casino?

Mr. KASTEL. Yes, sir.

Mr. RICE. He is in charge of both?

Mr. KASTEL. No, sir. I am not talking about the casino. You asked me about the cashier.

Mr. RICE. All right, sir. Who is in charge of the casino?

Mr. KASTEL. I refuse to answer that question on the ground the question may tend to incriminate me.

The CHAIRMAN. Well, let's see. Does one man look after everything out there, whatever it may be, as far as the cashier part is concerned?

Mr. KASTEL. There may be some other people; sometimes Mr. Murphy comes in or Mr. Broussard, and may help out.

Mr. RICE. Now, are you there when the receipts are counted up?

Mr. KASTEL. Not always.

Mr. RICE. Are you there occasionally?

Mr. KASTEL. Occasionally.

Mr. RICE. Now, who else is permitted there when you settle up? You and Murphy and Tanico?

Mr. KASTEL. Mr. Murphy isn't there often at all.

Mr. RICE. Broussard?

Mr. KASTEL. Not very often.

Mr. RICE. Anyone else?

Mr. KASTEL. There are other people there.

Mr. RICE. For instance? What other people?

Mr. KASTEL. Well, there is a checker for the restaurant and he checks up.

Mr. RICE. What is his name? What's the checker for the restaurant's name?

- Mr. KASTEL. I can't think of his last name. It's a short name.
- Mr. RICE. What is his first name?
- Mr. KASTEL. Saul. S-a-u-l.
- Mr. RICE. Saul?
- Mr. KASTEL. Yes.
- Mr. RICE. All right. Who else is there?
- Mr. KASTEL. Another checker is there: A boy by the name of Roberti.
- Mr. RICE. Roberti?
- Mr. KASTEL. Yes.
- Mr. RICE. What does he check?
- Mr. KASTEL. He checks the cash.
- Mr. RICE. What department?
- Mr. KASTEL. The restaurant.
- Mr. RICE. Both Saul and Roberti check the cash in the restaurant?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Anyone else?
- Mr. KASTEL. Cashier of the cocktail lounge.
- Mr. RICE. What is his name?
- Mr. KASTEL. Higgins.
- Mr. RICE. Anyone else?
- Mr. KASTEL. I believe that would cover it.
- Mr. RICE. Now then, are these receipts reduced to a sheet? Do you make a daily run-down sheet or daily—
- Mr. KASTEL. They make a daily record and make a deposit in the bank every night.
- Mr. RICE. Have you turned those records over to us?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Is every cent that is taken in reflected in those sheets?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. In the whole club?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Now, in connection with the payment of employees, are any employees paid anything over their salary, for entertainment or any other thing?
- Mr. KASTEL. No, sir.
- Mr. RICE. All of the payments made to employees are shown in your salary lists?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. There are no extra funds available for entertainment of customers?
- Mr. KASTEL. Whatever money is spent for entertainment of customers goes on the books, and records.
- Mr. RICE. It goes on the books. What is that called, on the books?
- Mr. KASTEL. I imagine it is called entertainment or advertising.
- Mr. RICE. What would be some of those things that would be—some of the reasons for spending? Buying them cigarettes? Do you furnish cigarettes to your patrons?
- Mr. KASTEL. Not to my knowledge.
- Mr. RICE. Do you furnish drinks?
- Mr. KASTEL. Occasionally we might furnish some drinks to some people in the dining room, or in the cocktail lounge.
- Mr. RICE. Those are charged on the books as what? Expenses?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Who are some of the employees who are permitted to authorize the giving of drinks to patrons, and charge them against expense?
- Mr. KASTEL. Mr. Brown.
- Mr. RICE. Mr. Brown?
- Mr. KASTEL. Yes.
- Mr. RICE. What is his name?
- Mr. KASTEL. Joe Brown.
- Mr. RICE. What is his right name?
- Mr. KASTEL. That is his right name. [Aside:] This is a suspicious guy.
- Mr. RICE. Now then, other than Frank Costello, do you have any other employees in the good-will department?
- Mr. KASTEL. No, sir.
- Mr. RICE. Frank Costello is the "member sole" of the good-will department?
- Mr. KASTEL. And looks after entertainment.
- Mr. RICE. Entertainment. What do you mean?
- Mr. KASTEL. He will check entertainment and see certain acts in New York that we may like and he may call me and say that such and such an act is so-and-so.

I may say the price is too high, or something of that kind, and he will try to negotiate with them and call me and say, "I think I can get that particular act for a certain figure." And we will either close it or not close it.

Mr. RICE. He is authorized to close it out and send them down?

Mr. KASTEL. He doesn't authorize it. We discuss it and see whether it fits that particular time of the year or whether it fits the particular room—

Mr. RICE. And when he reaches an agreement he closes the deal with the entertainment—

Mr. KASTEL. No; he will tell me and I will close it. I will call the agent; they will send up a contract and we will sign it.

Mr. RICE. If there is a difference of opinion as to whether the act should be put on or not, whose opinion controls?

Mr. KASTEL. Well, it isn't that technical. Sometimes I will believe that they will take my word in preference to his own because I happen to be right on the ground.

Mr. RICE. Is he an officer?

Mr. KASTEL. You will have to look at the record.

Mr. RICE. Don't you know.

Mr. KASTEL. Look at the record, please.

Mr. RICE. Don't you know?

(No response.)

Mr. RICE. Do you know whether or not Costello is an officer?

Mr. KASTEL. I refuse to answer that question.

Mr. RICE. On what ground?

Mr. KASTEL. I don't know whether it will incriminate me or not, but I will have to look at the record to refresh my memory.

The CHAIRMAN. We don't have the record here.

Mr. KASTEL. Well, I haven't got it. You asked me to bring in the book tomorrow. We talked about that. I will bring it in. The minute book; that is what you want.

The CHAIRMAN. All right.

Mr. RICE. I believe we noticed some payments to the Louisiana Music Co.: some checks drawn to the Louisiana Music Co. What business do you have with that company?

Mr. KASTEL. That is a company that supplies wired music. When the orchestra is not working they turn a switch and the wired music comes on.

Mr. RICE. I see. With whom do you do business with that company?

Mr. KASTEL. I believe it is done direct with one of the heads of the company. It is a contract that has been in force.

The CHAIRMAN. I think we have had enough.

Will you get that minute book and some other information we wanted?

Mr. KASTEL. What else do you want?

Mr. RICE. The names of the officers and directors.

The CHAIRMAN. Will you get all of that in?

Mr. KASTEL. What time do you want that here, Senator?

The CHAIRMAN. Let's say after the noon recess tomorrow. Also, you are going to find out what this check is about, for \$3,400.

Mr. KASTEL. Yes, sir.

The CHAIRMAN. We will have a 5-minute recess.

(Witness Kastel excused.)

(Short recess.)

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New Orleans, La., Friday, January 26, 1951.

The committee met Friday, January 26, 1951, in room 245, Main Post Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Downey Rice, Esq., associate counsel; Alfred M. Klein, associate counsel; George Martin, investigator; and Ralph W. Mills, investigator.

TESTIMONY OF PHILIP FRANK KASTEL, 311 NORTH LINE, METAIRIE, NEW ORLEANS, LA.—RECALLED (REPRESENTED BY JAMES O'CONNOR, JR., Esq.)

Mr. RICE. We had a few loose ends we left last night.

One of them was the identity of the officers of the Beverly Club at this time. Do you now know the names of these people?

- Mr. KASTEL. They are in the book; in the minute book.
- The CHAIRMAN. Read them out and ask if they are the ones.
- Mr. O'CONNOR. I made the arrangement with Mr. Ralph Mills, Senator, that he would read them out and we would admit they are.
- Mr. RICE. Is this taken from the minute book? The arrangement you made with Mr. Mills?
- Mr. O'CONNOR. Yes, sir; he has the books there.
- Mr. RICE. All right, sir. Are these the officers? Phil Kastel, president.
- Mr. KASTEL. Yes.
- Mr. RICE. Norma Murphy, acting secretary and treasurer.
- Mr. KASTEL. That is correct.
- Mr. RICE. Who is the real secretary and treasurer?
- Mr. KASTEL. I think you will find it in the minute book.
- Mr. O'CONNOR. I explained that to Mr. Ralph Mills; I thought I would save you time.
- The CHAIRMAN. All right. Let's read them all off and ask him.
- Mr. O'CONNOR. Do you want me to read this to you? It will be the same as Mr. Kastel testifying; or he will read them out to you.
- The CHAIRMAN. Just let him read them out; who the officers are. (Witness and counsel confer.)
- The CHAIRMAN. Let's get on with it.
- Mr. RICE. Who is the secretary and treasurer?
- Mr. KASTEL. Miss Norma Murphy is the acting secretary.
- Mr. RICE. Yes.
- Mr. KASTEL. Mr. Charles Murphy is the assistant secretary.
- Mr. RICE. Is he the accountant?
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Now then, who is Miss Murphy acting for?
- Mr. O'CONNOR. Edward Rinderle.
- Mr. KASTEL. The original incorporators.
- The CHAIRMAN. Edward Rinderle. Was he the secretary and treasurer before this Miss Murphy became the acting secretary and treasurer?
- Mr. O'CONNOR. That is what is reflected here, sir.
- The CHAIRMAN. Well, Mr. Kastel, who is she acting for? Who is the real secretary and treasurer?
- Mr. KASTEL. Well the incorporation—when they incorporate, as you well know, they may use some people in their own office in order to incorporate. I never looked at these minutes for a long time. Miss Murphy is acting secretary, I believe, in place of this secretary here. I am trying to see whether there is a resignation here [examining book].
- Mr. O'CONNOR. Rinderle resigned.
- Mr. KASTEL. Miss Murphy is acting secretary.
- Mr. RICE. Do you know who Rinderle is?
- Mr. KASTEL. No, sir; I do not.
- Mr. RICE. Were you an officer at the time Rinderle was there?
- Mr. KASTEL. Yes.
- Mr. RICE. But you don't know who he is?
- Mr. KASTEL. I don't know who he is. I believe he is out of the attorney's office.
- Mr. O'CONNOR. No, Murphy's.
- Mr. KASTEL. Murphy's office.
- Mr. RICE. Oh, Mr. Murphy's office?
- Mr. KASTEL. I believe so.
- Mr. RICE. All right. So who are the members of the board of directors?
- The CHAIRMAN. Read them off.
- Mr. O'CONNOR. At the present time—go ahead; excuse me. I can't testify.
- The CHAIRMAN. All right. Who is it?
- Mr. O'CONNOR. Mr. Kastel, Miss Murphy, and Magee.
- Mr. KASTEL. Miss Norma Murphy, myself, and Mr. Eugene Magee.
- Mr. RICE. Mr. Eugene Magee.
- Mr. KASTEL. Yes, sir.
- Mr. RICE. Is he a stockholder?
- Mr. KASTEL. It isn't necessary to be a stockholder to be a director.
- Mr. RICE. I didn't ask you that. I asked you whether he is a stockholder.
- Mr. KASTEL. No, sir.
- Mr. RICE. Who is Eugene Magee?
- (No response.)
- Mr. RICE. Wasn't he formerly practicing law in New York?

Mr. KASTEL. Yes, sir.

Mr. RICE. Is he down here now?

Mr. KASTEL. He is down here now; yes.

Mr. RICE. Do you know where he lives?

Mr. KASTEL. I believe at the present he is living in Shreveport.

Mr. RICE. Shreveport?

Mr. KASTEL. Yes.

Mr. RICE. He is now a member of the board of directors at Beverly. Is that correct?

Mr. KASTEL. That is correct, according to the records.

Mr. RICE. According to you what is he?

Mr. KASTEL. I have to check it.

Mr. RICE. Aren't you a member of the board of directors?

Mr. KASTEL. Yes, sir.

Mr. RICE. All right, sir. Now then, last night we had a question about the checks—

The CHAIRMAN. Before you leave this board of directors: This Eugene Magee—have you had a directors' meeting at which he has been present?

Mr. KASTEL. He has been there.

The CHAIRMAN. How did he get in, coming from New York?

Mr. KASTEL. He has lived here for some time, Senator.

The CHAIRMAN. I know, but how does he get to be a member of the board of directors without any stock? Did you choose him?

Mr. KASTEL. Yes; I believe I chose him; yes.

The CHAIRMAN. Or did somebody else choose him?

Mr. KASTEL. No; I believe I did.

Mr. RICE. Is Mr. Magee a member of the bar of Louisiana?

Mr. KASTEL. I don't know.

Mr. RICE. Is he a member of the bar in New York?

Mr. KASTEL. I don't know.

Mr. RICE. Isn't it a fact he was disbarred in New York?

Mr. KASTEL. I don't know.

Mr. RICE. Are you sure about that?

(No response.)

The CHAIRMAN. Well, Mr. Kastel, is he the man? Was he down here when you had this lawsuit with the Government and although he was not an attorney of record he more or less helped around with that big income-tax lawsuit you and Frank Costello had?

Mr. KASTEL. Yes, Senator; he acted as a sort of investigator, and adviser.

The CHAIRMAN. He came down as an investigator. The fact is, Costello brought him down; didn't he?

Mr. KASTEL. I couldn't say whether Mr. Costello brought him down.

The CHAIRMAN. You didn't bring him down; did you?

Mr. KASTEL. I believe I did.

The CHAIRMAN. But he came down at the time that you had that big lawsuit back in 1939 and 1940?

Mr. KASTEL. He came down, I believe, before that.

The CHAIRMAN. But he came down for the purpose of assisting or investigating in connection with the defense of that lawsuit?

Mr. KASTEL. He was here at the time. He lived here at the time.

The CHAIRMAN. But you knew him in New York?

Mr. KASTEL. Yes, sir.

The CHAIRMAN. You knew him as a lawyer in New York?

Mr. KASTEL. I knew him as a lawyer; yes.

The CHAIRMAN. He sort of took direction of that lawsuit down here; didn't he?

Mr. KASTEL. He advised.

The CHAIRMAN. He was rather the brains of the legal staff?

Mr. KASTEL. I wouldn't say that.

The CHAIRMAN. Who were your attorneys of record?

Mr. KASTEL. Albert Koorie handled part of it; Mr. Hugh Wilkinson was also an attorney.

The CHAIRMAN. All right. Excuse me, Mr. Rice.

Mr. RICE. Now, again I invite your attention to check No. 8148 dated October 28, 1949, in the amount of \$3,468.80, to Frank Costello. Do you now know the reasons for the drawing of this check on the club?

Mr. KASTEL. That is for salary for the months of June, July, August, and September of 1949, less the deductions.

Mr. RICE. That is 4 months, less the deductions?

Mr. KASTEL. Yes, sir; totaling \$3,468.80.

Mr. RICE. That is a thousand dollars a month; four thousand less deductions—

Mr. KASTEL. That's right.

Mr. RICE. Due Frank Costello. And what was that for?

Mr. KASTEL. Salary.

Mr. RICE. And what was his job, again?

Mr. KASTEL. Doing good-will work.

Mr. RICE. He was your good-will ambassador?

Mr. KASTEL. I wouldn't say about the ambassador part, but he was doing good-will work, and looking after and advising on entertainment.

Mr. RICE. Would it be fair to say that your good-will ambassador is sometimes known as the "Crown Prince of the Underworld"?

Mr. O'CONNOR. I object to that.

Mr. KASTEL. I couldn't say.

The CHAIRMAN. All right.

Mr. RICE. Now, sir, I show you a check dated February 1, 1950, in the sum of \$2,250, drawn to I. George Goldstein & Co., 744 Broad Street, Newark, N. J., signed by Philip Kastel for the Beverly, and ask you if you know for what purpose that check was drawn?

Mr. KASTEL. I will have to get the books.

The CHAIRMAN. That is the Mr. Goldstein who kept books for Mayer Lansky, I believe.

Mr. KASTEL. I believe he sent a bill for some work that he had done. I believe that is the last payment that he has received.

Mr. RICE. Now, sir, what work was he doing for you in 1950?

(Witness examines records.)

Mr. RICE. Well, sir, can you tell us from independent recollection what Goldstein was doing in 1950? Mayer Lansky left there in 1948, if I remember your former testimony.

Mr. KASTEL. He continued on for a while, I believe. He continued on for a while and sent us a bill.

Mr. RICE. He continued on doing what?

Mr. KASTEL. Continued looking at the records and advising as to overhead. He had had some experience in other establishments, and it was just—

Mr. RICE. Wait a minute. He had experience in what "other establishments"?

Mr. KASTEL. He said he had experience in other establishments, other restaurants, hotels that he was handling.

Mr. RICE. Casinos?

Mr. KASTEL. I don't know about casinos.

Mr. RICE. In Florida?

Mr. KASTEL. I don't know.

Mr. RICE. Plantation, Boheim, Colonial; did he mention any of those? Green-acres?

Mr. KASTEL. I do not know, sir.

Mr. RICE. He was advising you, and what else?

Mr. KASTEL. Advising about overhead.

Mr. RICE. So that he was, at that time, rendering some sort of service to the Beverly, or to yourself rather than to Mayer Lansky. Is that correct?

Mr. KASTEL. Well, he was in there originally through Mr. Lansky, and finally, why, this check ended his engagement and paid him off in full.

Mr. RICE. This was the last work he did?

Mr. KASTEL. I believe so.

Mr. RICE. This was the last work.

Mr. KASTEL. I believe so. I believe he sent the bill in; we paid it.

Mr. RICE. I believe I asked you last night if you could account for his having had financial statements subsequent to the date of that check, in his New Jersey office, from the Beverly. Can you account for that?

Mr. KASTEL. Well, instructions were given that he receive statements while he was acting for Mr. Lansky, and they apparently were continued until I gave them instructions to stop them.

Mr. RICE. Have you ever given instructions to stop them?

Mr. KASTEL. I believe I did; yes.

Mr. RICE. Can you fix the time, approximately?

Mr. KASTEL. I could not fix the time unless I saw the records. It may be this time or may be a little before, or a little after.

Mr. RICE. Now, sir, I show you check No. 9357, dated March 16, 1950, in the sum of \$647, drawn in favor of B. C. Wills & Co., 666 East Columbia Street,

Detroit, over your signature. Can you tell me the purpose of that check [handing document to witness]?

Mr. KASTEL. I would have to see the invoice.

Mr. RICE. Do you know what business the Wills & Co. is in?

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. RICE. Doesn't the Wills company manufacture and sell dice tables and other gambling paraphernalia?

Mr. KASTEL. I refuse to answer that question on the same grounds.

Mr. RICE. All right, sir. Can you look up in your invoices and see what your records show was the reason for drawing that check? Can you do that, sir?

Mr. KASTEL. Can I?

Mr. RICE. Yes.

Mr. KASTEL. You have the books; you have the records.

Mr. RICE. You have the records down there.

Mr. O'CONNOR. They don't run that high [referring to invoice documents on witness table].

Mr. RALPH MILLS. That is all he brought in.

Mr. O'CONNOR. That is all you told me to bring in.

Mr. RICE. Do you know the reason for drawing that check from your independent recollection?

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. RICE. Haven't you written a number of checks to that company?

Mr. KASTEL. I refuse to answer the question on the ground that it may tend to incriminate me.

Mr. RICE. Have you ever transacted any business with that company?

Mr. KASTEL. I refuse to answer that question on the ground that it may tend to incriminate me.

The CHAIRMAN. Well, Mr. Kastel, this is a company up in Detroit, Mich.—B. C. Wills & Co. Did you ever hear of the company?

Mr. KASTEL. Do I have to answer that question, Senator?

The CHAIRMAN. Well, I am asking you. I think we ought to know what this is about.

Mr. KASTEL. I decline to answer that question.

Mr. RICE. Now, sir, here is a check, No. 813, dated March 22, 1946, payable to the order of Cudney & Co., in the amount of \$8,959.34. I wonder if you can tell us what Cudney & Co. is, in Chicago? Tell us what was the reason for drawing that check [handing document to witness].

Mr. KASTEL. It must be in payment of a bill for supplies.

Mr. RICE. What sort of supplies?

Mr. KASTEL. Meat supplies.

Mr. RICE. Now, you remember that all right—don't you—back in 1946?

Mr. KASTEL. I know the name.

Mr. RICE. Does that help to refresh your recollection on Wills & Co. now?

Mr. O'CONNOR. Let me pardon you at that. He didn't say he didn't remember on Wills. I don't believe he put it on that ground, if I am not mistaken, sir.

Mr. RICE. Let's get it straight, then. You do know what the reason for the Wills & Co. check was?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. Now, sir, I show you check No. 8196, drawn November 9, 1949, in the sum of \$100, payable to the Twenty-Fourth Ward Democratic Organization, 3726 West Roosevelt Road, Chicago, Ill., over your signature for the Beverly Country Club. Can you tell us what was the reason for drawing that check?

Mr. KASTEL. That was for an advertisement, I believe.

Mr. RICE. That was for what?

Mr. KASTEL. An ad.

Mr. RICE. What type of an ad?

Mr. KASTEL. An ad in a booklet.

Mr. RICE. In what booklet?

Mr. KASTEL. In connection with this organization.

Mr. RICE. What type of booklet? What was the booklet about?

Mr. CHAIRMAN. Well, who solicited you for that hundred dollars?

Mr. KASTEL. I believe I was solicited through the mail, by someone that I knew.

The CHAIRMAN. Do you know a fellow named Elrod?

Mr. KASTEL. Yes, sir; I do.

The CHAIRMAN. Do you know whether he was the one that solicited you?

Mr. KASTEL. No, sir; he was not the one that solicited it.

The CHAIRMAN. I believe that the twenty-fourth ward is his ward. That's the reason I was asking you.

Mr. KASTEL. That is possible, Senator. I know Commissioner Elrod.

The CHAIRMAN. Do you make other contributions, advertisements like that? Is this a contribution or an advertisement? Do you know?

Mr. KASTEL. This was for an ad, for an ad in a booklet.

The CHAIRMAN. Do you do that generally for political parties that get out booklets?

Mr. KASTEL. Not necessarily for political parties, Senator. As they come up, if we think they have enough circulation, why, we might do it.

The CHAIRMAN. You mean it is purely on a commercial basis then?

Mr. KASTEL. Yes, sir.

The CHAIRMAN. You haven't any political feeling about it? Are you trying to help a political party?

Mr. KASTEL. I have no political interests there in Chicago at all.

Mr. RICE. How much a year do you think you put into political booklets and things of that sort?

Mr. KASTEL. Not very much, Senator.

The CHAIRMAN. Do you make political contributions out of the Beverly Country Club?

Mr. KASTEL. No, sir.

Mr. RICE. Do any customers ever come into the place and say they have read your ad in the twenty-fourth ward booklet and for that reason came to the club?

Mr. KASTEL. I couldn't answer that question.

Mr. RICE. Now, I show you check No. 8308, dated November 16, 1949, in the amount of \$600 drawn in favor of the Munholland Memorial Church, Recreation Center, over your signature, and ask you if you know for what purpose that check was drawn?

Mr. KASTEL. I believe that was solicited by one of the ministers.

Mr. RICE. Reverend Dawson?

Mr. KASTEL. I couldn't say.

Mr. RICE. Do you know Reverend Dawson?

Mr. KASTEL. I would know him if I saw him.

Mr. RICE. You would know him if you saw him?

Mr. KASTEL. I say, I would know him if I saw him.

Mr. RICE. Is it possible that is Reverend Dawson's recreational center there?

Mr. KASTEL. I couldn't say.

The CHAIRMAN. Reverend Dawson said he had never personally solicited it but he thought the church had received some.

Mr. RICE. I think he said that the sheriff had gone out and done a little voluntary soliciting for him. Would that refresh your recollection of it? The sheriff brought it over to his office.

Mr. KASTEL. Somebody solicited me; told me it was for a good cause.

Mr. RICE. Could it have been Clancy?

Mr. KASTEL. No, sir.

The CHAIRMAN. All right; let's get on please.

Anything else?

Mr. RICE. Now here is a check, No. 9939, dated June 6, 1950, for \$14.40, to the Cipango Club at Galveston, Tex. Do you know what that is for?

Mr. KASTEL. That is for dues, I believe.

Mr. RICE. That is what?

Mr. KASTEL. For dues, and membership in the Cipango Club.

Mr. RICE. What type of club is that?

Mr. KASTEL. It is a restaurant, a private club.

Mr. RICE. And who is the member of the club? Is Beverly Club the member of the Cipango Club?

Mr. KASTEL. No; the membership is in my name. I believe I authorized this check and told them to charge it to me personally.

Mr. RICE. So that you are a member of the Cipango Club?

Mr. KASTEL. Yes, sir.

Mr. RICE. All right, sir. In checking telephone calls, toll calls, person to person, from your home phone, we find that on July 18, 1949, you called Lenor Josie at XXXXXXXXXX Houston, Tex. Can you tell us what transaction you had with Josie?

Mr. KASTEL. I refuse to answer that question on the ground that it is private.

Mr. RICE. Do you know Lenor Josie?

Mr. KASTEL. Yes, sir.

Mr. RICE. On April 10, 1950, you placed a call to Arch Samish, at 2400 Hot Springs, Ark. ~~XXXXXXXXXX~~. That is the Arlington up there is it not?

Mr. KASTEL. I believe it is.

Mr. RICE. Who is Arch Samish?

Mr. KASTEL. A friend of mine.

Mr. RICE. What transaction did you discuss on April 10?

Mr. KASTEL. No transaction.

Mr. RICE. What was the nature of the conversation?

Mr. KASTEL. A social call.

Mr. RICE. What is Samish?

The CHAIRMAN. Is he the Arch Samish from California?

Mr. KASTEL. From San Francisco, Senator.

The CHAIRMAN. Well-known man in public life, or something or other out there?

Mr. KASTEL. Yes, sir.

Mr. RICE. Now, on April 14, 1950, you made a person-to-person call to John Groseh, at Hot Springs. Can you tell us the subject matter of that telephone call? Do you know John Groseh?

Mr. KASTEL. Yes, sir.

Mr. RICE. Who is he?

Mr. KASTEL. He is the present sheriff of the parish of Orleans.

Mr. RICE. What was the reason for your making that call to Groseh on that date?

Mr. KASTEL. I can't remember. I couldn't tell you offhand.

Mr. RICE. Do you recall calling Groseh at Hot Springs?

Mr. KASTEL. I may have called him. If the call is there on the record I admit to the call.

Mr. RICE. Have you called Groseh more than one time at Hot Springs?

Mr. KASTEL. I couldn't say, unless the record is there.

Mr. RICE. Now, sir, going back to a question you were asked last night, about this loan of \$75,000 from the Mills Novelty Co. in Chicago: Would it refresh your recollection any if I should suggest to you that this loan was made for the purpose of purchasing a quantity of liquor, which was in the custody of the customs office at New York at that time?

Mr. KASTEL. No, sir; that I can't remember.

Mr. O'CONNOR. I didn't hear the question. He wanted to know whether you had borrowed \$75,000 from Mills?

The CHAIRMAN. Well, we asked about whether you borrowed \$75,000 from Mills last night and you said you were going to think it over and try to refresh your recollection on it. Have you refreshed your recollection?

Mr. KASTEL. I believe I have; yes. The answer is "Yes."

Mr. RICE. What was that transaction?

Mr. KASTEL. Well, the transaction is a little hazy in my mind, but I know the money was sent to buy some liquor that was to be auctioned off.

Mr. RICE. Yes.

Mr. KASTEL. I remember it. It was a long time ago.

Mr. RICE. Who had that liquor?

Mr. KASTEL. I think it was in the hands of the Federal Government.

Mr. RICE. A man named Farley have anything to do with it?

Mr. KASTEL. Farley? I couldn't say.

The CHAIRMAN. Sheriff Foley.

Mr. KASTEL. It's so long ago I couldn't say.

The CHAIRMAN. You remember Sheriff Foley?

Mr. KASTEL. The name registers, but I didn't know the man personally.

Mr. RICE. Did the deal go through? Did you acquire the liquor?

Mr. KASTEL. I don't believe it did.

Mr. RICE. You don't believe it went through?

Mr. KASTEL. It didn't go through.

Mr. RICE. But the money was borrowed?

Mr. KASTEL. The money was borrowed, and returned.

Mr. RICE. From the Mills Novelty Co. in Chicago?

Mr. KASTEL. I didn't do business with the Mills Novelty Co. I did business with an individual by the name of Fred Mills.

Mr. RICE. Fred Mills?

Mr. KASTEL. Yes, sir.

Mr. RICE. And Fred Mills in turn is connected with the Mills Novelty Co.?

Mr. KASTEL. Yes, sir.

The CHAIRMAN. In that transaction, Frank Costello joined with you, didn't he?

Mr. KASTEL. I don't believe he had anything to do with it, Senator. I believe—
The CHAIRMAN. I believe you and he saw Mills together—and that is the note was given by you and Costello, was it not?

Mr. KASTEL. I don't believe Mr. Costello's name was on the note.

Mr. RICE. Just your name was on the note?

Mr. KASTEL. I think so. I don't know whether there was a note given.

Mr. RICE. Did he guarantee the note along with you?

Mr. KASTEL. Who did?

Mr. RICE. Costello.

Mr. KASTEL. I couldn't answer that question.

Mr. RICE. Did he enter into the transaction in any way whatsoever?

Mr. KASTEL. Not to my knowledge.

The CHAIRMAN. Who saw Mills in Chicago to negotiate the matter?

Mr. KASTEL. I did.

The CHAIRMAN. You went out to see him?

Mr. KASTEL. I don't know whether I went out. I was out there on several occasions. I don't know whether I saw him in Chicago on that particular transaction or I saw him in New York.

Mr. RICE. We have a record here which indicates that the amount of \$75,000 was granted on an unsecured note of Costello. Does that refresh your recollection?

Mr. KASTEL. Unsecured note?

Mr. RICE. Yes.

Mr. KASTEL. Unless I saw the note, that doesn't refresh my recollection at all.

Mr. RICE. Your best recollection, then, is that Costello did not participate in the deal?

Mr. KASTEL. My best recollection is that I made the—he made the check out to my order and I deposited it in the bank.

Mr. RICE. Mills did?

Mr. KASTEL. Sir?

Mr. RICE. That Mills made the check out to your order?

Mr. KASTEL. Yes.

Mr. RICE. What did you give Mills?

Mr. KASTEL. I gave him—I may have given him a note. I don't remember.

Mr. RICE. Well, was your note secured by any collateral?

Mr. KASTEL. No, sir.

Mr. RICE. Just your signature?

Mr. KASTEL. That's right. If it was a note, it was secured by my signature.

Mr. RICE. Is it possible that you borrowed the money just on your word?

Mr. KASTEL. Maybe.

The CHAIRMAN. Anything else?

Now, Mr. O'Connor, do you want to ask your client any questions to clear up any matters?

Mr. O'CONNOR. The only question—I spoke with Mr. [Ralph] Mills today, Senator—was about the hotel bill of Frank Costello. Costello never did use the rooms of Mr. Kastel. He used other rooms and when he checked out of the hotel, they would charge that to Kastel's room, and Costello would then pay for that later, to Kastel.

Mr. KASTEL. That is correct.

Mr. O'CONNOR. Is that correct, Mr. Kastel?

Mr. KASTEL. That is correct. On many occasions.

The CHAIRMAN. Did you examine the hotel records?

Mr. O'CONNOR. No. I ascertained that last night, sir, from, I think it was Mr. Broussard, Mr. Murphy's accountant.

The CHAIRMAN. For your information, I might tell you that—

Mr. O'CONNOR. Now, I don't make that as a matter of fact; I am only saying what I was told last night.

The CHAIRMAN. That Mr. Kiley examined the original records, and anyway the records that he examined, so he reports to us, show what I stated last night, which we have here.

Mr. O'CONNOR. Well, they reflected it was charged to room 562, but that doesn't mean the party occupied room 562.

The CHAIRMAN. Oh, surely; that's true. You can register in a hotel room and may not occupy it. That's true.

Mr. O'CONNOR. I don't mean, Senator, that I don't think you get what I mean. He can occupy room 416 and when he checked out say, "Charge that to 562."

Mr. Kastel has an accountant.

The CHAIRMAN. Well, in any event, the records at the Roosevelt Hotel show that beginning in 1936 and ending 1950, March 2, 1950, that Frank Costello was here at least 44 times for a total of 466 days, and that the number of days are set out and each particular time. The records further show that during the above-mentioned visits at which time he usually occupied, accompanied by his wife, Loretta, he made the Hotel Roosevelt his headquarters. Phil Kastel also maintains an apartment. From March 2 to March 11, 1946, he used Kastel's apartment. On two occasions, March 2, 1946, and June 28, 1946, the hotel bills were charged to room 1252, Phil Kastel's account.

Mr. KASTEL. That is a long time ago.

The CHAIRMAN. April 15, 1945—

Mr. O'CONNOR. Wouldn't that be 1935, for 1252, Senator?

The CHAIRMAN. No; that is 1946.

Mr. KASTEL. 1946.

The CHAIRMAN. March 11, 1946.

Mr. O'CONNOR. To room 1252, sir?

The CHAIRMAN. No. Then, 1943 to room 1252. On April 15, 1945, he was "with Gerald Katino of East Orange, N. J.," and on his last visit here, January 17, 1950, to March 2, 1950—

Mr. O'CONNOR. He didn't occupy your suite, did he?

Mr. KASTEL. No.

The CHAIRMAN. That brings in some other names we don't want to bring in here.

Mr. O'CONNOR. The last time he was here, Senator, does the record reflect he occupied the suite of Mr. Kastel?

The CHAIRMAN. This report was gotten up before New Years, when he was here last.

Is there anything else?

Mr. RICE. Yes; on those hotel rooms. Has it ever occurred that the room occupied by Costello, the expenses for that, has it ever been charged to Beverly?

Mr. KASTEL. No, sir.

Mr. RICE. The Beverly never pays for any of those things?

Mr. KASTEL. No.

Mr. RICE. Now, sir, that Lenor Josie we spoke about a minute ago, isn't he in the oil business?

Mr. O'CONNOR. You can answer that.

Mr. KASTEL. I believe he is.

Mr. RICE. Well, hasn't he been in the club?

Mr. KASTEL. Yes.

Mr. RICE. What does he do in the club?

Mr. KASTEL. Eats and drinks.

Mr. RICE. Anything else?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. Did you ever see him in the casino?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. Did you ever have any business transactions with him?

Mr. KASTEL. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. RICE. Are you interested in any venture with him?

Mr. KASTEL. I refuse to answer that question.

The CHAIRMAN. Who is this we are talking about?

Mr. KASTEL. Lenor Josie; oil man from Texas.

The CHAIRMAN. Well, you refuse to tell what business transactions you had with him?

Mr. O'CONNOR. May I ask him a question, Senator? Was it private transactions? What transactions did you have with him?

The CHAIRMAN. All right. What is your answer?

Mr. KASTEL. Whether I had any private transactions?

The CHAIRMAN. You were asked about whether you had any business transactions with him.

Mr. KASTEL. I refuse to answer that question on the grounds it may tend to incriminate me.

The CHAIRMAN. Well, you do have some oil interests, don't you, in Texas?

Mr. KASTEL. No, sir.

Mr. RICE. Do you have any oil interests anywhere?
 Mr. KASTEL. Yes, sir.
 Mr. RICE. Where is that?
 Mr. KASTEL. In Louisiana.
 Mr. RICE. In what field?
 Mr. KASTEL. I don't see any reason for going into my private affairs.
 Mr. RICE. Pickens Field?
 Mr. KASTEL. I refuse to answer that question.
 The CHAIRMAN. All right. Is there anything else?
 Mr. Kastel, you will be continued under subpoena. My personal recommendation will be that some of these questions you had no right to answer. You have in some matters been cooperative, but some questions I can't see how you can rightfully refuse to answer them.
 The record will be very closely studied in that regard. That is all, Mr. O'Connor.
 Mr. O'CONNOR. Thank you, sir.
 With reference to my records.
 (Discussion concerning return of records.)
 The CHAIRMAN. I will give you my assurance you will get them back not later than Monday at 4.
 (Witness excused.)

ANNEX II

The committee has received the following memorandum from its associate counsel, which sets forth the legal opinion of its staff with reference to the contempts committed by Phil Kastel.

JANUARY 29, 1951.

Memorandum to Senator Estes Kefauver, Chairman, re contempt of Phil Kastel (S. Res. 82):

I have examined the record of the testimony of Phil Kastel in addition to hearing it at the time it was given, and it is my opinion, which has previously been conveyed to the committee, that the refusal by Phil Kastel to answer questions was contemptuous of the United States Senate and its Special Committee to Investigate Organized Crime in Interstate Commerce.

As associate counsel of the committee, with the advice and concurrence of the committee's legal staff, I have advised the committee and now certify that the contempts complained of are, in my opinion, punishable as a matter of law. In those instances where the witness asserted a claim of privilege, it is my opinion that the claim was not made in good faith inasmuch as there was no reasonable relationship between the questions asked and a line of proof which might incriminate the witness under any Federal statute.

In certifying contempt proceedings, this committee and its counsel have carefully distinguished between refusals to answer based on an arbitrary or fanciful claim of privilege from refusals to answer questions where a claim of privilege might be raised with even a minimum possibility that the witness might be incriminated under any of the laws of the United States.

DOWNEY RICE, Associate Counsel.